Issue 142 April 2020

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YOUR PROPERTY NETWORK

www.yourpropertynetwork.co.uk

THE SOURCING ISSUE

Property entrepreneurs share their secrets to getting the best deals

FEATURING

The team at Sourced

Mark McCorrie

Saif Derzi

Valter Pontes

Richard Brown

Susan Alexander

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Dan Hill

Leigh Griffiths

PLUS

FIRE PRECAUTION IN HIGH RISE BUILDINGS

AND

INSIGHTS INTO AN UNUSUAL LAND ASSEMBLY DEAL

WELCOME TO YOUR PROPERTY NETWORK

I am rewriting this welcome message just before we go to print, on Tuesday 17th March. My original message written a couple of weeks ago was about how we in the YPN team have seen tremendous change in our local property markets over the past few weeks. Estate agents were telling us they could barely keep up with demand and properties were flying out. I was also planning to add that in what appeared to be growing uncertainty, how it is important to be master of your own destiny and how property can help you achieve that.

Today, all that seems trite.

The situation is changing by the hour, including in the property world. We heard yesterday afternoon that shows and meetings are being cancelled. By the time you read this in around ten days' time, anything I report now will be out of date. 98% of the material in this issue was prepared before impact of the coronavirus in the UK, as we work a few months in advance. Over the coming months, we will adjust what we have in the pipeline to find out how investors, landlords and developers are adapting to the situation and weathering the impact.

There is growing concern that both tenants and landlords will be affected. Many tenants might be facing a period of unpaid leave, and tenants struggling to pay rent can have a knock-on effect on landlords' ability to meet mortgage payments.

In a joint statement on 13th March, the NLA and RLA urge landlords to work with tenants through the crisis, and express the hope that lenders will offer the same flexibility to landlords as they are offering to homeowners.

To stay informed, watch for updates from:

- **NLA: landlords.org.uk/news-campaigns/news/coronavirus-what-do-landlords-need-know**
- **RLA: news.rla.org.uk/**
- **Landlordzone: landlordzone.co.uk/news**

We are living through unprecedented circumstances, but what I do know is that property people are resilient. While we might be reeling from the effects today, we are used to change and we will adjust to a new normality.

The most important message I want to convey right now though has little to do with property. I urge you to stay safe, stay healthy, look after your loved ones and keep an eye out for neighbours and vulnerable people nearby. This is a time to focus on what's really important in your life.

Jayne

I have just come back from a skiing weekend in France. To say it didn't go to plan would be an understatement. On Saturday (14th March), we planned to ski into Switzerland, but found the border closed. We brought our flights forward to Sunday evening. At 11pm Saturday, we discovered that all French resorts, shops, cafés, etc were closing at midnight. We started a frantic search for an earlier flight, booked an alternative flight (to Heathrow instead of Bristol where we had flown out from) and got a transfer to the airport at 2am Sunday morning. We hired a car to drive home from Heathrow.

It was scary to be in the middle of a crisis as it happened, to experience the whole country shutting down and trying to get out and back home again. It has made the situation very real.

In the past we have often talked about how to take advantage of market conditions. How to prosper in times of turmoil. And there can be no doubt that some businesses are thriving right now. Supermarkets are selling more than they have ever sold, some estate agents are reporting record sales months as investors flee the turbulent stock market to place money in bricks and mortar.

But this message is not that kind of communication. It would seem glib and wholly inappropriate in the current climate.

Instead I want to talk about fear. We are living in terrifying times – and fear is horribly contagious.

So what are **WE** doing to counteract the fear?

We are focusing on what is truly important and essential. I've spoken with members of the YPN team, and we are all making sure that we remain in contact with friends, family, loved ones and the people we work with. In as much as possible, we are trying to maintain a semblance of normal life – we can still take the dogs (and the kids) for walks in the fresh air.

My parents live next door and they are (somewhat reluctantly) self-isolating. I'm trying to ensure we chat to them every day (albeit from a distance of a few metres or through the window!).

We are also ensuring that we try and protect our property business, keeping in contact with tenants and if they are struggling, helping them out where we can. If our tenants cannot work, we will talk to lenders about what will happen. In essence, communicating, communicating, communicating.

Perhaps more challenging is trying to avoid the scaremongering on social media. Facebook seems to be full of people who are now "experts". They either fall into the camp of "it's just a cold, there is nothing to worry about", or "we are all going to die". These extreme messages can do severe damage to our mental health, and especially for those who have already experienced mental health problems before. It's more important than it's ever been to be careful of who and what we listen to. Over the coming weeks, expect YPN to provide a number of coronavirus updates as to the strategies investors are putting in place in their property businesses as well as opportunities for YPN readers to interact online and share ideas.

There is a positive message here, I have already seen evidence of people helping each other out, and the British stiff-upper-lip determination to power through is being rediscovered. I for one am confident we will all come through this having learned a number of lessons about ourselves and that the bounce back will indeed provide unprecedented opportunities for all of us.

Take care of yourselves and those closest to you.

Ant

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IN THE APRIL ISSUE ...

FEATURES

BEGINNERS

DEVELOPMENT & REFURB

INVESTING

FINANCE

LANDLORD

EDUCATION

IMPORTANT UPDATES

With thanks to Paul Shamplina and the team at LandlordZone for these last-minute updates on 18th March.

- **Mortgage lenders** will give sole-trader landlords a mortgage payment holiday of up to three months if they are experiencing issues, including tenants not paying rent, as a result of coronavirus. As yet, this does not apply to business mortgages.
- **Letting agents** are calling for advice about how to conduct Right to Rent checks without putting themselves and tenants at risk.
- **Landlords** are under pressure to give rent payment holidays to tenants affected by coronavirus, who are unable to work.

"Right now, it's essential to keep lines of communication open with your tenants."
Paul Shamplina

Keeping visiting **landlordzone.co.uk/category/news** for the latest news.

SOURCING FOR PROFIT

FINDING AND SECURING THE BEST INVESTMENT PROPERTIES FOR YOUR BUSINESS

"Seek and ye shall find." Unusual as it may be to quote Biblical texts in property circles (it's from Matthew 7:7 in case you're wondering), this one is particularly relevant to all of us involved in property investment and/or business.

Seeking and finding is more commonly referred to as sourcing in our industry. If we don't source, we won't get anywhere in property. End of.

While the above Sourcing for Profit title may prompt the thought of making a profit by sourcing property for others, it is intended in the broadest sense of the term. What does that mean? Well, I'd say there are two profit-making elements:

1. **The afore-mentioned sourcing business, where you find properties and sell leads, deals and/or the properties themselves to clients for a fee.**
2. **Finding and securing properties for your own portfolio, with the aim of creating a profit either by buying at a discount to get built-in equity from day one, or by doing something to increase the property's value after purchase – the "add value" model.**

Many do both, sourcing properties for clients alongside building their own portfolio. If you choose to source for others though, be aware that regulations apply – see the YPN Says comment at the end of the feature for a summary.

Back in my early days of property investing when I was new and green, I didn't know how to find property apart from leafing through estate agents' listings (believe me, this was way before Rightmove and all the other portals appeared on the scene). The notion of sourcing any other way felt like a black art or a magician's secret circle. Members of the circle (I assumed) had access to a host of practices (rites even!) that the rest of us couldn't hope to fathom.

I couldn't have been more wrong, I'm happy to say. There's no black art, no magician's circle and no secret practices or rites. Sourcing is simply a matter of applying the best method of finding the properties that work well for your (or your client's) investment model. It might be a bit confusing when you've only had experience of dealing with estate agents in the past, but you'll soon get the hang of it.

In fact, many successful investors prefer to deal with agents as their main lead channel. By becoming a reliable buyer over a period of time, they build up a good relationship and level of trust with the agents in their area.

Other investors, and many who operate sourcing businesses, prefer to go direct-to-vendor. This involves marketing and advertising – there are lots of ways to reach your target sellers, including leaflet drops, local ads, online marketing and so on, though that's a whole other feature in itself. In brief, you're aiming to reach people who either don't want to appoint an agent, or who need or want a fast and/or certain sale that you can fulfil.

Yet others, often investors who have a demanding day job and very little time to search for deals, turn to sourcers to buy a ready-made packaged deal. For them, the sourcing fee is balanced against the cost of their time. If you choose this route, make sure you choose a reputable and compliant sourcer – again, refer to the compliance summary at the end of the feature.

Each method has its pluses and minuses, and the one(s) you adopt will be a combination of the way you like to work, the time and funds you have available, the type of properties you are looking for and what you find works well in your target area.

In this feature, we talk to investors and sourcing business owners to get different perspectives on sourcing. As well as sharing their stories and case studies, they offer tips and information on how to buy well, working with letting agents to find rent-to-rent deals, establishing lead channels, and on operating as a business. I hope you will find some inspiration to get out there and search or to try a new sourcing method.

Because if ye don't seek, ye won't find!

Happy hunting,

Jayne

BUYING RIGHT STARTS WITH YOUR LONG-TERM GOAL

Interview & Words:
Heidi Moment

SOURCING PROPERTIES FOR YOUR PORTFOLIO

When I asked **Chris and Stephen from Sourced** what 'buying right' meant to them, I expected an answer based around the financial aspect of the deal and getting the house at the right price. I was pleasantly surprised to find the Sourced guys had much more to say on the subject, starting with the need to have a clear and focused eye on your long-term goals for the future.

"Buying right is understanding your long-term goal, knowing what you're trying to achieve in the next ten, 20 or 30 years and then finding deals that help you work towards those goals."

A refreshing, but very necessary, way to look at it and certainly the right place to start. Without a long-term goal it's easy to find yourself with properties or different strategies all over the place, which can make it much harder to get to wherever you want to be.

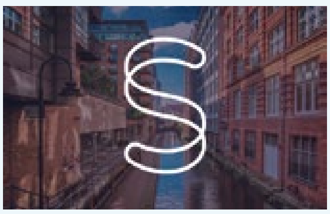
"Understand your long-term goal and then work towards it"

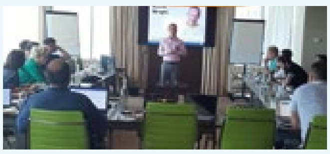
STEPS TO BUYING RIGHT

Sourcing property is tough. It really is. There are many elements to consider and it can be extremely time consuming, especially when you're just starting out. Using Sourced's tried and tested process can help to simplify the process. Just follow these steps:

Step 1 Set your goals

- Set a long-term goal – Why do you want to invest in property? To retire? To supplement your income? To pay your kids through private school? Whatever your reason, work out how much you need and by when. That's your long-term goal.
- Work backwards to see what you need to achieve in ten years, five years, one year etc.
- Work out what you need to do month-by-month to lead you on the path to your long-term goal.





Step 2 Appraise a property

Once you've identified a property that fits with what you're trying to achieve then it's purely down to the numbers. Sourced have a comprehensive due diligence process to appraise any kind of property for any reason (flip, trade, new build, rent). The due diligence process is always the same regardless of the strategy. Read on for the four stages:

1 Overview

Look at the **purchase price**, **costs** and **GDV** to assess whether this could be a deal and assess if it's worth looking into it even further. Although experienced investors can do this stage within ten to 15 minutes, it can take a bit longer when you're first starting out. But once you've done it a few times you'll soon be doing it with your eyes closed.

"Always look for sold prices and be mindful of what's going on in your market that could affect end values"

GDV

You get the GDV from looking at local comparables, which you can do using online portals. When looking for comparables you want to find the same unit type (four-bed house, two-bed flat, whatever you're looking at), within a quarter of a mile that has sold in the past 12 months. Always look for **sold** prices, not for sale prices. Also, be mindful of what's going on in the market right now that might affect the prices.

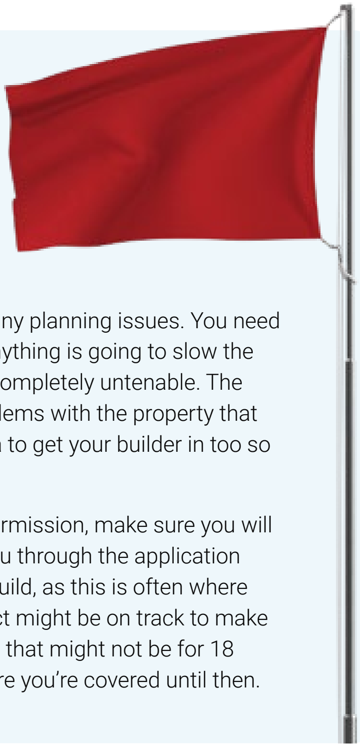
If you want further certainty, you can always ask a valuer or surveyor to do a desktop valuation for you. It might cost you a couple of hundred pounds, but it will really give you assurance to proceed. Generally, surveyors are fairly happy to do this, so it can be worth it to give you added confidence in your project.

Costs

You need to know exactly how much the project will cost you at every point, from solicitor's fees to searches, planning permission, stamp duty and, most importantly, the refurbishment.

Getting the refurbishment costs right could be the difference between making a profit and making a loss, so take your time with this stage. You can assess a property initially using a good estimate, but try to be as accurate as possible. When the time comes to firm it up, you'll need to get detailed costs from a builder.

2 Red Flags



Foreseeing any issues that may arise is absolutely necessary when appraising a property. Things like structural issues, subsidence, if it's going to struggle to get a mortgage or if there might be any planning issues. You need to know as early as possible if anything is going to slow the project down or make a project completely untenable. The agent should tell you of any problems with the property that they know of, and it's a good idea to get your builder in too so you understand all of the costs.

If the property needs planning permission, make sure you will have enough cashflow to take you through the application period and also throughout the build, as this is often where people come unstuck. The project might be on track to make £200,000 when it's complete, but that might not be for 18 months, so you need to make sure you're covered until then.

3 Numbers

Your acceptable profit margin should always be determined by your long-term goals. If 8% return works with your financial situation to move you toward your long-term goals, then great. If you require 20% then that is how you determine what deals work for you. (Remember to build in your contingency before you calculate the profit margins.)

The key numbers you need to understand are:

Total investment

Purchase price + all costs (including refurb, searches, solicitors, stamp duty etc)

Yield

Annual net rental income / value of the property

Return on investment (ROI) (sale)

(Profit from sale / all money invested) *100

Return on investment (ROI) (rental)

(Annual net rental income / all money invested) *100

Capital employed

Purchase (deposit only) + all costs (including refurb, searches, solicitors, stamp duty etc)

Return on capital employed (ROCE) (rental)

Annual net rental income / capital employed x 100

Return on capital employed (ROCE) (sale)

Profit from sale / capital employed x 100

"ROCE is so important, as it gives you a percentage of how much money you're making on your money"

4 Certainty

You need to know if you're going to be able to execute your chosen exit or if an alternative exit might be more profitable. To know this you need to gain a good understanding of the demand in the area.

This is all about research, so you understand exactly what's going on in your area and what the different markets are like (buyer's market, seller's market, financial market). Once you understand all those areas, you'll be in a better position to come up with the best exit from day one.

If you're changing a house into an HMO, is there a tenant demand for an HMO in that area? With HMOs a good place to start is SpareRoom. Chris advises if you've got at least four people looking per room then your room will get filled within 28 days.

If you're going to do a title split and split the house into flats, is there a demand for flats in that area? For flips, you need to know what the appetite is for flats, two-beds or three-beds – propertydata.co.uk is a fantastic source where you can look at the area stats to help you to calculate the demand.

Gather as much data as you can until you're comfortable you're going to be able to facilitate that exit. And always have two or even three exits and do your research on all of them to ensure you have a good safety net.

Step 3 Know when to walk away

The due diligence process can sometimes be a real labour of love and it can be easy to become excited and emotionally attached. When it starts to look like a project isn't viable after all it can be very difficult to walk away. At this point you have to let the numbers speak for themselves.

"When the numbers don't work, walk away"

If the numbers don't work, there really is no point pursuing a deal and it's time to take a step back and refocus on your goals. Trying to make them work can be dangerous, so avoid doing that. Instead, walk away and go and find a property deal that's got the right level of margin instead of wasting time on something that hasn't. It's hard, but it's the right thing to do and will save you time and money in the long run.

Step 4 Negotiation tips

Being able to negotiate to get the buyer to agree to the price you're prepared to pay takes a bit of work and it all comes down to building relationships. There are a lot of good agents out there and it's definitely worth the taking the time to build relationships up with them.

The best negotiators always start off with a cheeky offer (40% below asking price) and most vendors expect this. When this gets knocked back, which it will, you then go back with your second offer, which can be anything from a £5,000 to £10,000 increase. Experienced investors increase offers in £1,000 or £2,000 increments with the aim of resetting the seller's expectations about what they are going to get for their property. The success of this depends on the level of interest in the property from other potential buyers.

"Some deals can be secured within a matter of hours or days, others take much longer to secure"

People often get quite excited when putting an offer in, which is understandable as it can be an exciting development for you and your business. Try to remember to treat it as a business transaction and to give the impression that you're not desperate for this property. You'll never get it at the price you want if you come across too keen.

If it's a complicated sale, Stephen recommends always asking for the vendor to be present at the viewing. It's a lot easier to negotiate a complicated offer when you have built a relationship with the vendor directly. Swap numbers with the seller so you can communicate directly. When you're ready to put in an offer, contact the agent first out of courtesy, but then get in touch with the seller to explain your position and why you're putting forward that offer.

HOW TO BUY RIGHT

- **Understand your area. Do your research.**
- **Know what you're trying to achieve long term. What is your goal? How are you going to get there? Is this next property deal going to get you to where you want to be?**
- **If the numbers make sense and lead you towards your goal, go for it.**

SOURCED - THE FRANCHISE MODEL AND HOW IT WORKS

Sourcing property properly can be a full-time job – you've got to be doing it all day, every day, building your network, growing your contacts, getting out and about viewing properties and building your business, so it can be very time consuming. Sourced understand that property investors need support with finding properties, which led them to launch Sourced Franchise, where they work with property newbies and investors who want to start or grow their own property businesses. Franchisees work on their sourcing businesses from anything from two days a week to full time. The more time they spend sourcing the more successful their business will be.

Franchisees have access to the franchisor's huge pool of resources, as well as training and support, so when they find an opportunity, there is already a huge, up-to-date and active database of investors at their disposal to buy the opportunities from them.

Of course, sourcing doesn't just mean trading deals to investors outside the Sourced network. The business helps franchisees increase their private portfolios too. With over 70 active franchisees across the country, they have a close-knit network where there is ample opportunity for them to meet up regularly and share experience. Many go on to work together, forming JVs or doing deals.

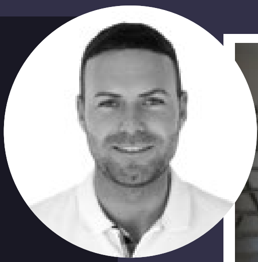
Peer-to-peer lending

Sourced Capital is another arm of the Sourced business, which offers an FCA-regulated peer-to-peer lending platform, which offers franchisees up to 100% funding. Sourced don't offer this facility to non-franchisees.

Investors invest into a project for a fixed return over a fixed period. The average project is 12 months, and the average return is 10%.

Sourced Capital is also regulated so that you can invest with your pension (SSAS and SIPP) through this platform. All investments are secured, with first charge security against the property.

CASE STUDY 4-BED DETACHED, GLASGOW



Investor / Franchisee: Phil Gordon

This four-bed detached property was a repossession. It was in quite good condition, just needing a bit of TLC and a lick of paint throughout.

Open market valuation: £210,000

Purchase price: £177,000

Reduction in price agreed due to having a great relationship with the agent and being able to move quickly, providing proof of funds pretty much immediately along with solicitor's details.

Refurb works: £5,000

Total costs: £15,000

100% funded through the Sourced peer-to-peer lending platform. Phil's only financial input were some costs prior to completion.

Profit after sale: £40,000

Return on investment (ROI) = 20%

Return on capital employed (ROCE) = 800%

BEFORE

AFTER

CASE STUDY 3-BED, STRATFORD, EAST LONDON

Investor / Franchisee: **Nadia Khan**

This was Nadia's first property deal. She was introduced to the seller through a contact at her daughter's school. Nadia's research told her the property could sell for £375,000 when done up, which would leave her with £60,000 profit. A fantastic first deal.

Purchase price: **£275,000**

Assisted Sale: Nadia did a joint venture with the owner of the property to help him to sell the property. She loaned the refurbishment funds from a private investor, putting none of her own money in.

Refurb works: **£30,000**

Total costs: **£30,000**

Profit after sale: **£60,000 (split 50:50 between Nadia and her investor)**

Return on investment (ROI) = **200%**

Return on capital employed (ROCE) = **200%**

In this case the ROI and the ROCE is the same because it is an assisted sale, therefore no money was borrowed.

Timings: The assisted sale strategy is fantastic because not only does it cost you less to get into the property deal, it's also much quicker because you don't have to buy and then sell it. You just sign an agreement, do the refurb work, and then sell it.

Legal agreement: There were three agreements – an option agreement, an RX1 to provide security for the money that was getting put into the property, and finally, because the vendor was moving away, a restricted power of attorney because it was Nadia's responsibility to sell it.

CONTACT

If you want to know more about how to source property or the franchise model, contact Sourced's franchise manager, Sam on **sam.clayton@sourced.co** or head to **www.sourced.co** for more information.

CLICK HERE TO LISTEN TO THE FULL INTERVIEW

The audio recording for this article is available via the YPN App

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FINDING RENT-TO-RENT DEALS VIA AGENTS

YES, IT IS POSSIBLE ... AND LEADS TO GREAT RELATIONSHIPS!

Interview & Words: **Raj Beri**

At the heart of establishing a property portfolio lies the ability to source properties effectively. Although sourcing direct to vendor can work, leveraging the power of working with agents can pay dividends. In this article, **Mark McCorrie** shares the incredible success he had in working with letting agents to source RENT-TO-RENT deals, in building up a profitable business that he has since sold.

YPN: Tell us about your background and what led to your initial interest in property?

Mark: Having done a degree in maths, I started a job at a software engineering company whose main clients were in the aerospace and car industries. We were taken over by an American software company, and things started to get frustratingly worse for me. While working on a project, I came to realise that although I had put in much more work than another team member, I was being paid significantly less because he had been at the company longer.

At that point, I started to consider setting up my own business and being my own boss. I accidentally stumbled across property investing when I tagged along with a friend to a free property event. At the time, I was trying to buy my own house and ended up buying a book on property investment.

YPN: How did the interest in rent-to-rent start?

Mark: I started looking at property more seriously, did some general property training and started to look for property investments on my doorstep. By chance, I was also looking for houses to rent and found a seven-bedroom house, five minutes' walk from my house at a rent of £950 per month.

I'd never thought of doing of rent-to-rent until then, so I started to explore it a bit more and read about the HMO regulations in Birmingham. I set up some dummy adverts on Spareroom to test demand, and had 12 enquiries in less than 24 hours so, not surprisingly, I booked a viewing.

The landlord did the viewing, listened to my plan and was impressed with the research I had done and the knowledge I had. He agreed to my proposal even though it was a huge gamble as I had no practical experience of running an HMO. It was a managed property and the agent present at the viewing urged caution, but the landlord told them he liked me and was willing to go ahead, so I was very lucky with my first deal.

The house had been an HMO but it was too much hassle for the owner so he had switched it back to a family let even though it had the full HMO specification. I was fortunate in that the agent had drafted the contract so everything was more or less in place to take on my first rent-to-rent deal.

YPN: What process did you use to start sourcing through agents?

Mark: With the first property, I was upfront and told them exactly what I wanted to do with the property in terms of renting it out to other tenants, and managed to get a viewing and secure the deal. As my first experience was a positive one, I decided to stick with the same procedure so over the lifetime of the business, 85%-90% of my deals came via agents.

I don't know exactly why, but I was able to gain the agents' trust and found they were willing to work with me. Over time, I ended up working with five or six agents. I tried to deal with as many as possible but many were just not interested and often said that the landlord didn't want to do it.

Some agents were more open-minded and willing to do rent-to-rent, often because they had a big house in poor condition and a high rent that was struggling to let, so I was able to solve their problem. A couple of the properties I sourced for rent-to-rent through agents were HMOs, but most of them were large, single let houses that I had to modify to run as HMOs.

Although I didn't have any formal training, I bumped into someone at a pin meeting who had already done rent-to-rent. He was really helpful, especially in aspects of HMO management. I learnt the rest as I went along.

My lack of experience meant that the whole process was painful, especially property maintenance. I did my best to factor in the costs of set up, but it was financially draining as every deal I took on was very cash intensive due to the works required. The challenge I had was, even though it was cash intensive, my model worked, so I just wanted to carry on doing it.

I did also try landlord letters but got no response. Ironically though, now that I was on the HMO register, I started receiving letters from investors interested in rent-to-rent, and collected over 100 letters in the five years I was operating my business.

BROACHING THE R2R CONCEPT WITH AGENTS

YPN: How did you decide which agents to speak to and how to pitch?

Mark: I pitched to a few agents, but the problem is that if they have no potential deals at the time of pitch, they will just forget about you. They take your details, promise to call you if something comes up but you never hear back.

My process was to identify the property first and book a viewing without disclosing too much information. At the viewing, I would get a longer opportunity to chat to the agent to assess if they were prepared to work with me. If the property didn't meet my criteria at the viewing, I wouldn't tell them what my plans were, but held that in reserve for the next viewing if the property was suitable. I always followed up after making an offer, often by visiting their offices after analysing the figures, especially if I thought they would be receptive to rent-to-rent.

Quite a few of the houses I took on were fully managed, and the landlord continued to retain the agent as they felt more comfortable having an agent in the middle in case something went wrong. The agent continued to receive a fee from the landlord, otherwise they'd have little incentive to introduce me.

If I liked the house but was being blanked by the agent, I would put a letter through the door, but that method had a very low conversion rate. The landlord often spoke to the agent, who usually talked them out of it.

YPN: When sourcing and securing deals, what incentivised the agent/landlord?

Mark: It came down to two things:

1. **Affordability.** Landlords wanted high rents, but families couldn't afford them.
2. **Landlords often trying to rent the house in a poor condition.** Bizarrely, in one case, all that was required was a change of carpets and my willingness to undertake the works secured the deal. The agent was delighted with the outcome as they now had guaranteed management income for three to five years.

SUCCESS FACTORS

YPN: What were the key success points in sourcing through agents and what business challenges did you face?

Mark: It all came down to credibility and having the confidence to deliver what I promised. At the end of the day, agents just want to get their houses rented and earn their commission. But they also want to ensure that there are no problems that create more work for them or damage their reputation.

I built credibility over time but this was massively helped by my first deal. Most of my deals did come via agents, although I did get a couple by contacting landlords advertising privately on Gumtree. In my experience, if I contacted a landlord who was working with an agent, they often just referred me back to the agent.

In one instance, we offered £11,000 per month on a portfolio of properties with 50 en-suite rooms and the agent claimed the landlord wanted more. It later materialised that the agent had offered the landlord £8,500 per month and was just trying to make £2,500 per month in the middle for signing a contract.

SOURCING CRITERIA

YPN: When sourcing, what criteria did you apply to decide deal/no deal?

Mark: I considered the amount of money needed to bring the property up to a lettable condition. I probably spent more than other people would. Even so, I still had a top limit and wanted to be able to break even within 12 months.

I also wanted to make a profit of around £100 per room per month. However, I did take on a few deals that delivered less, as I knew the owner had other properties that I had a chance of securing too.

The properties I generally stuck to were those with a minimum of five bedrooms. The numbers didn't stack on anything smaller.

As my business evolved over the years, it became harder to rent the rooms due to market saturation, so I had to be proactive. I had a few experiences where social housing raised its head, and I'd make an offer of £1,200. They had offered the landlord £1,700, but the landlord ultimately didn't want that type of tenant.

The other thing I noticed was that some agents were starting up their own rent-to-rent business. On several occasions, I would try and sign up a deal and the agents would want a piece of the action as they could see the profits I would be making.

YPN: How did you ensure a good working relationship with landlords in trying to secure deals via agents?

Mark: It did depend on the landlord's circumstances but quite often, the rental property needed work and I ended up doing a deal because I was prepared to invest in the property. Often, I would get some key insider information from the agent, such as how much rent the landlord had been getting, or that the previous tenant had left owing money. That helped in striking up a deal. In any event, they always got more rent, a tidied-up house and a long-term contract.

I didn't always proceed with a deal if something didn't sound right. I was once evaluating a deal and recognised the address, as a previous work colleague had rented a room there. The owner had wanted the house back and told all the housemates to get their stuff out otherwise he'd "send the boys around." It turned out that the owner was a drug dealer – not surprisingly, I didn't pursue that one!

TOP TIPS FOR WORKING WITH AGENTS:

1. **Buy your first deal to help you get started, as the first one is the hardest to secure. By doing so, you'll instantly have more credibility both with agents and landlords.**
2. **When trying to work with agents, you need to understand their mindset and try to deliver on their objectives. Developing credibility will help the process as well.**

DEALS AND DEMOGRAPHICS

YPN: Give us a sense of your tenant demographic and typical deal?

Mark: I rented out to a broad mix but always working people and I created some nice houses. Here is an example of a particular deal:

I spot a house on Rightmove and know it could make around £700 per month. It has four bedrooms and three reception rooms, so I do a viewing. The agent isn't interested. However, it's being marketed by another agent, so I end up securing a deal through them. We end up spending £9,000 on the first one, including fire-safety systems and furniture. The landlord has a large portfolio and I manage to secure a few of his other properties later down the line. These others also need significant works to bring them up to standard.

YPN: Having been massively successful, what made you decide to sell off your rent-to-rent business and focus on your true passion of software development?

Mark: To be honest, I don't think managing HMOs was right for my personality. However, it did set me up well for what I currently do. I now sell software to people who want to make 3D walkthroughs of their properties, which was something I initially built for my rent-to-rent business.

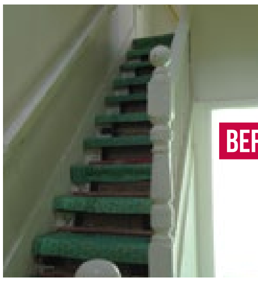
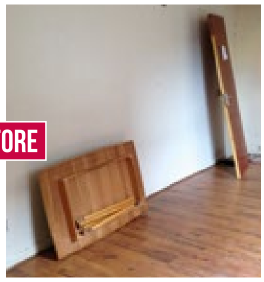
I got to a point with my property business where I probably scaled up and went too big. In my area, the HMO business is getting saturated, and one constantly needs to be on the case, so I was working 24/7. I tried to step back by recruiting staff, but was still working evenings, weekends and covering holidays and sick days. I knew I needed more staff and a different kind of operation, so it became a case of becoming smaller and running it on my own or really scaling up. It just became impossible to juggle scaling two businesses, so I sold the property business.

Initially, I tried to sell the whole business to one of the bigger agents in Birmingham but it was worth more by selling each house contract individually. Ironically, I contacted all the rent-to-rent investors who had been sending me landlord letters and managed to sell some of the deals. To sell other deals, I posted on Facebook rent-to-rent groups and was inundated with enquires from interested parties, so this proved successful.

CASE STUDY BEACONSFIELD ROAD, MOSELEY, BIRMINGHAM

Brief Description: This was one of the early rent-to-rent deals I took on. It was not my best deal but illustrates that one can create a profitable business from average deals. The owner was a portfolio landlord and it led to securing another three properties from him.

Rent to landlord:	£1,000
Renovation:	£5,150
Furnishing:	£3,800
Licence:	£700
Gross rent pm:	£2,310
Net rent pm:	£760
Payback:	12.7 months
ROI:	94.5%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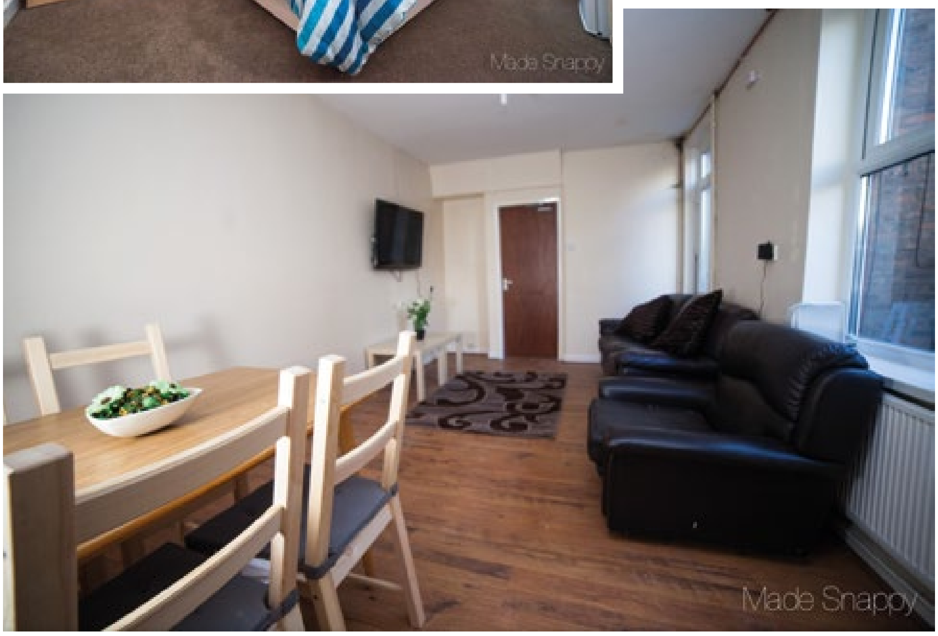

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CONTACT

To find out more about Mark and what he does, you can get in touch through ...

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Email: **mark@madesnappy.co.uk**

The audio recording for this article is available via the YPN App

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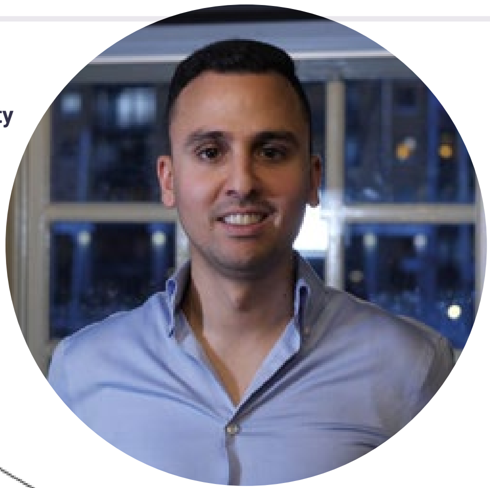
SOURCING VIA AUCTION

HOW TO AVOID THE LEMONS AND MAKE SUCCESSFUL BIDS ON SOUND INVESTMENT PROPERTIES

Interview & Words: **Anghared Owen**



Saif Derzi's journey into sourcing at auctions was one of necessity rather than want. His chosen investment area was overpriced, so he started looking for HMOs in another area with a specific floor plan, size and within a certain part of town.

He sorted the listings by lowest price and then filtered the listings further based on his criteria. The cheapest property was listed for £30,000 less than the others, and it was to be sold at auction. This was Saif's first property auction, and he was successful in winning the bid.

After that first one, his next eight consecutive properties were also sourced at auction. *"There's a lot of weird magic that people think happens in auctions, but it's not the case,"* he says.

SDGB properties

Below is his step-by-step process for sourcing at auction:

Know what to look for, and where

Be specific. Saif looks for terraced or semi-detached houses between £50,000 and £120,000. Depending on the property, he will either hold it for his portfolio or flip for a profit.

He has built relationships with local auctioneers, who forward him information on upcoming auction properties he may be interested in. Auction properties are usually priced around 75% of the market value (this is the guide price).

He also searches auction websites, while avoiding the national companies. *"We look at the small local ones because those are the ones that don't draw in a big crowd,"* he says. *"They're the ones where you can get a good deal."*

A good resource is the Essential Information Group (EIG), who hold information and history on auction lots throughout the UK.

Saif's tip is to look for poorly marketed properties. His best deal – featured in YPN May 2019 – marketed as an ordinary terraced house. In actual fact, it was a block of three flats.

Know what to avoid

For every potential deal, there's a property to be avoided. A very cheap or run-down house will likely bring many people into the room. *"That's the kind of stuff where people are going to be overbidding for it, and end up paying too much,"* explains Saif.

Saif also warns against properties that seem too good to be true, because they usually are. Some auctions in London and the South East will include cheap properties in the North with high yields and a great return on investment.

"They might have a house with a £20,000 guide price and a three-year AST on it for £450 per month," he illustrates. *"That's probably not a real AST. They've probably put a fake name in there and signed it."*

He has also come across instances where the property appears to have a tenant, but after purchase it's actually boarded up and it's in an area where no one will rent.

"Just don't buy a lemon. You'll end up having to sell a lemon to another lemon who's willing to buy a lemon," he advises. *"Basically, just don't buy a lemon in the first place and you'll be okay."*

Understand the legal pack

Every property in an auction must have a legal pack. It's full of useful and transparent information about the history of the property. However, Saif believes that few people read it. He encourages everyone to read it as thoroughly as possible to give them a head start against competing bidders.

If it's clear that the property will sell for an inflated price, then let the other person have it. But, if people are uncertain because they couldn't view it or didn't have all the information about it, then knowing what's in the legal pack will provide you with an upper hand. *"It's just a matter of information. How much knowledge and information do you have about the property compared to the other person?"* Saif asks.

He says to look for the title first. Every property in the UK has a title, and sometimes, if it hasn't been sold or bought in the past 50 years, then it may be an unregistered title.

If this is the case, a solicitor needs to get involved to make sure that the vendor has owned it for a certain amount of time and that it can be registered with Land Registry for the first time.

If it is registered, is it freehold or leasehold? Then continue researching whether there are any restrictions on the title. A common restriction relates to using the property as an HMO, but it should say on the title registry.

Next, read through the special conditions. This is where you'll find all the small print regarding fees, hidden terms and so on. If unsure, give it to a legal professional to read through.

Then there are the searches, which explain the local area including flood risks, telecommunication towers and so on. Usually the searches will say pass or fail next to them. If something has failed, why? There will likely be an environmental issue causing the failure. Other things to note include whether the council has issued an enforcement notice against the property. As the buyer, will you be taking ownership of that enforcement notice?

Some things will be inherited with a purchase of a property, so it's a case of going through the legal pack to figure out what.

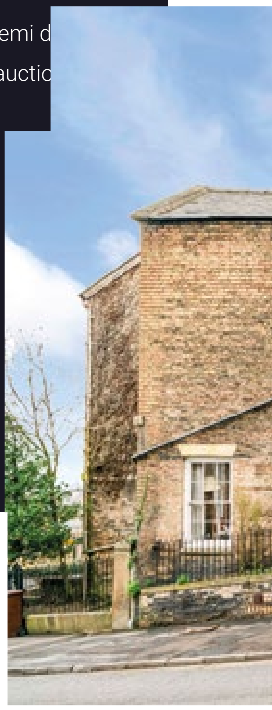
CASE STUDY

LINDUM ROAD, LINCOLN

Type of property:	2-bedroom semi d
Purchase price:	£114,000 in auctio
Purchase costs:	£4,500
Funding method:	Bridge
Deposit paid:	£11,400
Amount of funding:	£102,600
Borrowing rate:	9%
Total money in:	£18,900

COST OF WORKS

Duration of project:	2 weeks
Total costs:	£3,000



Book a viewing

Many of the properties that Saif is interested in viewing are unable to be accessed. Sometimes it's down to a troublesome tenant and some are boarded up. If it's possible to get inside, continue the viewing just like normal. Look out for structural issues, anything that might affect the mortgageability of the property and the condition inside. Saif says: *"Most of the time, internally it's not going to be in the best condition possible, but that's the whole point of you buying it, to add value."*

In the case of it not being accessible, try speaking to the next-door neighbour for some inside information on the property. Is there any trouble with noise? What is the area like? If the auction property is tenanted, Saif often knocks on the door and asks to have a look around in return for a bit of cash. *"Usually when we speak to tenants we'll show them the previous properties we've done within the area."* he says. *"Because they want a good quality home."*

"Tenants are quite nice if you speak to them on their level"

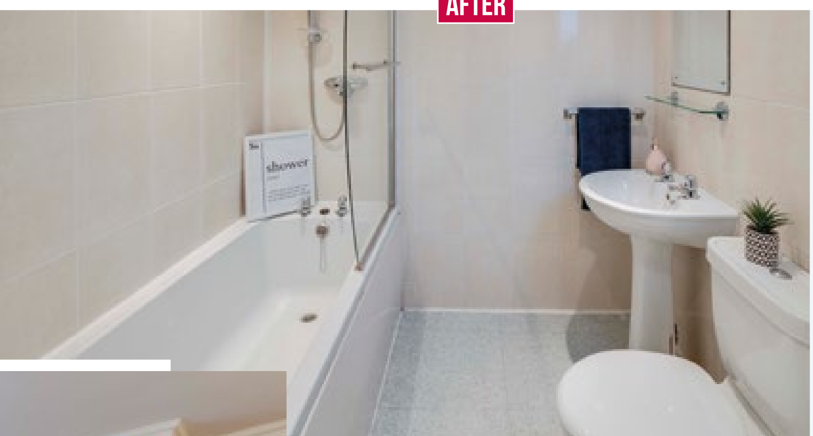
Saif takes the time to reassure any tenants that they won't be evicted, however he will explain his plans for the property and any consequential increases in rent due to the additional value. *"Tenants are quite nice if you speak to them on their level,"* Saif continues. *"Don't be egotistical at all, don't turn up in your Lamborghini. Just be down to earth and speak to them normally."*

There has yet to be a house that Saif has entered and immediately rejected. There are always properties that are worse than expected, but he will add value if possible or sell on as they are. *"Even if it is the worst property in the world, we'll probably just knock it down or retain a couple of walls and rebuild the rest.*

"It's all going to be reflected on the price though. That's the bottom line. We don't mind getting our hands dirty."

Work out your numbers

After he's found a property that he'd like to purchase at auction, he'll start figuring out what his top purchase price would be. For example, if a property will be worth £120,000 when complete. Using £15,000 as a benchmark for a refurbishment, his top bid for the house would be £85,000. This will still allow him to generate a modest profit too.



VALUATION & INCOME

Revaluation target: £160,000, supported by a valuation report

Re-mortgage amount:	£160,000
Rate:	3.6%
Money back out:	£120
Money left in:	£0
Monthly income:	£750
Monthly mortgage payment:	£360
Monthly costs:	£75
Net monthly cash flow:	£435
% Return on money left in:	Nothing left in

Don't get caught up in the moment

It's undeniable that auctions have a buzz and will get anyone's adrenaline flowing. People enjoy the experience of an auction – it's a day out, it's not uncommon for attendees to have a few drinks beforehand and there is a positive energy. This results in people often bidding much more than they should.

Saif tries to arrive as late as possible. The more time spent waiting around, the more time the energy and adrenaline builds. *"I usually turn up at the time the auction starts, have a look at the room, see who's in the room, how busy the room is, and try to gauge it."*

If it's a busy room, he advises to stand at the back of the room: *"When I'm bidding I might go left, I might go right, I might move about, so people think it's not just one person in the room for this lot. I might eventually be bidding against myself!"*

It's important to listen to the auctioneer – what is he saying? If he's spending a long time on a lot, it's probably because the reserve price hasn't been met yet. If he's quick to put his hammer down, he's probably at the reserve price or higher, so he's happy to sell.

There are other tricks that the auction companies use, and Saif now has select auctions to buy from and others to sell through. *"You need to look at the ones that that are achieving really high prices because they draw in the crowd.*

"The ones that aren't so popular, because they only have a small amount of people, or they don't have a lot of lots, those are the ones you want to be buying from because they don't attract the same crowd that will overpay."

Buy to hold or buy to sell?

Saif has three ways to utilise a property – trade, flip or hold. Trading is similar to deal packaging, a flip will involve a full renovation before selling for a profit, and if he thinks it will fit his portfolio, he'll refinance after the renovation and rent it out.

The exit strategy will depend on the property. If he plans on holding it, it must be in a good value area with a strong rental demand, and the price needs to be between £50,000 and £120,000. A three-bed detached house priced between £100,000 and £250,000 will likely be flipped.

A trade is for anything where he can make a quick bit of money. When trading a property, assuming he bought it at the right price and there is an interested market, he might generate an additional 5%-15% by selling it on. He will often trade if the project involves too much work and it's better suited to be someone else's project. Most of the stock he trades are lower value properties that he doesn't want to hold.

"The trick with trading is you have to leave enough meat on the bone for the next person." He needs to be able to price it right so that it allows someone else to create a margin by flipping or renting it out.

Online auctions

Online auctions operate in a very similar way to in-the-room auctions. The only difference is that they are flexible, whereas location-based auctions are set on specific dates.

However, online auctions don't carry the adrenaline that comes with the room, which, according to Saif, is both a good and a bad thing. The houses that are considered wrecks sell well on online auctions, however it's difficult to get the higher ticket items to sell online.

CASE STUDY BELLE VUE TERRACE, LINCOLN

Type of property:	2-bedroom terraced house
Purchase price:	£119,000 purchased at auction
Purchase costs:	£5,000
Funding method:	Private bridge to mortgage
Amount of funding:	£74,500
Borrowing rate:	8%
Total money in:	£74,500

COST OF WORKS

Duration of project:	6 weeks
Total costs:	£25,000

VALUATION & INCOME

Post-works valuation:	£210,000 revalued after 9 weeks of purchase
Re-mortgage amount:	£157,500
Rate:	3.6%
Money back out:	£8,500
Money left in:	£0 (£8,500 taken out on top of original funds)
Monthly income:	£806
Monthly mortgage payment:	£472.50
Net monthly cash flow:	£333.50
% Return on money left in:	Nothing left in


BEFORE



AFTER




THE FIRST AUCTION

For their first auction purchase, people shouldn't look at anything where they can't afford to lose the money. *"Make sure you have some experience in property, it might be they've bought and sold their own home or buy to let or whatever. But you need to have some experience,"* Saif advises.

It's important to take it slowly and gain experience. Saif recommends doing this by undertaking deep due diligence, reading the legal pack and being in the room.

"Set your reserve low, start going higher and higher as you go to other auctions and on other lots that you're bidding for," he says. *"As you start to gain experience and confidence with auctions, just go for it.*

"And don't sit at the front!" Standing at the back of the room will give a good overview of the room to see who's bidding and how. Is the other person slowing down or staying firm? *"You've got to understand who the people are, who are bidding in the room. It's a reading game. It's kind of like poker in a way, but just houses."*

TOP AUCTION SOURCING TIPS

To take away from this article, the main pieces of advice from Saif are:

- **Avoid the wrecks and anything that looks cheap.** Always investigate these further – what is making it so cheap?
- **Due diligence.** Become a detective. Under normal circumstances when buying a house, you can pull out of the sale if the due diligence doesn't match up. However in an auction, you're committing to buying it the second the hammer falls. You need to be confident and ready to complete.
- **Finance.** A lot of people try and get mortgages for auction properties, but it doesn't work. You need your finances in place before the day, usually through cash or bridging loans.

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£20,000 Within 3 Months

Going Full-Time Into Property

(Photo: Everton Brown, Sourced Barnet)

After 12 months of treating his Sourced Franchise as a part-time venture, Everton Brown decided to go full-time into property. Within 3 months, he generated over £20,000 in fees from sourcing and selling 3 property deals. Sourced Franchise provided Everton with the training, support and resources he needed to turn his passion for property into a profitable business.

Working full-time in recruitment, Everton dreamed of getting into property. He'd always been aware of the huge earning potential of this exciting industry, but he lacked the knowledge to turn his dream into reality.

"I always knew there was money in property, but I didn't know how to leverage it" Everton admits. "I joined Sourced for the knowledge, support and guidance."

I joined Sourced for the knowledge, support and guidance.

After making the decision to take action and look for ways to finally get into property, Everton discovered Sourced.

Joining the franchise network, provided him with comprehensive property training, ongoing support and much more, assisting him with growing his business.

"The training and support is second to none" Everton comments. "I came away [after the training] with so much knowledge, that when I look back now, I wouldn't have made all the connections that I've made in the last 12 months without the training."

As well as trading profitable investment opportunities, Everton is the host of an extremely popular, monthly property networking event, Sourced Investor Network (SIN) North London. Tickets are available via Eventbrite.

Download the Sourced Franchise Prospectus at sourcedfranchise.co, to find out more about the Franchise opportunity.

Everton's Completed Deals:

HMO Property in Liverpool

After meeting an investor at a Sourced Investor Network (SIN) event, Everton got to work, sourcing the HMO property that met the investor's requirements, in exchange for a sourcing fee.

Probate Property Secured BMV

The Sourced HQ team promoted Everton's BMV opportunity, enabling him to connect with the right investor, earning him a sourcing fee.

Off-Market Student Accommodation

Everton worked with a developer who he had met at his SIN event. Everton sold units for the developer to the Sourced investor database for a fee.

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SOURCING: A STEPPING STONE TO YOUR OWN PORTFOLIO

HOW VALTER CREATED AN INVESTMENT POT OF £180,000 FROM SOURCING IN JUST ONE YEAR!

YOUR PROPERTY PODCAST

Written by: **Angharad Owen**

Valter Pontes wanted to build a property portfolio, but with little in the way of funds when he started out, he turned to deal sourcing and packaging to generate enough cash to begin. In his first year, he made £180,000 through sourcing properties, and used that money to start building his portfolio. He had no prior experience as a business owner before starting in the property industry, so his story and advice is proof that anyone can do it.

In this article, Valter shares his story and experience, and passes along tips and for sourcing your own deals.

FINDING A LOCATION

People had told him that deals could be found throughout the country. He originally planned on finding an area that offered several opportunities, but he is goal-orientated and instead decided to focus on what his clients wanted.

Valter felt that London had only a small supply of deals for trading, so he relocated to focus on the north of England, specifically Leeds. He needed to gain an understanding about the area and get to know its market. This included knowledge on what was considered a good deal and what wasn't. He started doing some calculations to gauge ROIs of various properties and potential projects.

Before clients jumped in to purchase, he encouraged them to figure out what they wanted to achieve first, which led him to the type of deal that would be suitable for them. He then simply needed to find those deals in the client's chosen area.

> "If the client is set on a certain area, the sourcer and client must focus together on finding a strategy that is aligned with the client's initial goal."

Knowing the goal should lead organically to an investment strategy. Valter believes it's important to spend some time thinking about what people want and why they need it.

SYSTEMS

He prefers to find an investor before finding a deal to sell, as he can then offer a much more bespoke service. Whereas some sourcers may choose to sell to a huge database of hundreds of investors, Valter found when he tried this method that he couldn't sell anything. So he now only works closely with three or four individuals as he has found it easier to give people what they want rather than trying to persuade people that what he is selling is what they want.

Valter has designed a customer relationship management (CRM) system specifically to follow up deals.

He was frustrated that most other CRM systems were not property related and therefore didn't do what he wanted. For example, if a vendor rejects an offer, his system will follow up automatically after a certain time. It can also send text messages, emails and even letters and postcards.

MARKETING

Since starting, he has built up 15 marketing streams. At the beginning of his property career, he focused on organic marketing, using websites such as Gumtree to generate leads. Any income generated from this marketing was reinvested back into online marketing.

He has also built relationships with estate agents and valuers. Many people will ask agents for their best deals, so Valter always explains his position honestly. He tells them that he is working with a group of investors and is looking to buy two or three properties per year. Any information from the estate agents or valuers is uploaded into his CRM system, and he will follow up with them every three to four months.

Valter urges everyone to start with finding organic leads, as it's a free form of marketing. He also advises not to start investing further in marketing until sales start to come through.

PACKAGING A DEAL

When presenting a deal to an investor, Valter includes the following information:

- **Property price**
- **Refurbishment cost (if necessary)**
- **Rental demand in the area**
- **Estimated ROI**
- **Pictures**
- **Projected end value**

He ensures that the investor is briefed on all aspects of the deal so they are able to make a fully informed decision. He believes that all sourcers should be as transparent as possible to overcome the bad reputation that many have, of simply selling on information from estate agents or Rightmove.

The actual figures and ROI are dependent on the individual circumstances of the investor. As Valter's investors all have different criteria, he tailors the deal specifically to their situation.

SETTING THE FEE

Sourcing is hard work, and is not a quick way to make money. A professional must recognise they are providing a service for investors. They are viewing the property, speaking to the valuer or seller, negotiating, signing the heads of terms and in some cases managing the refurbishment. Investors are willing to pay a fee in return for the convenience of having someone else take care of the hassle of a purchase.

Sourcing fees can vary depending on location, property and any other circumstances surrounding the sale. Valter's prices range from £4,000 to £25,000. Two or three-bedroomed terraced houses in cheaper parts of the country will likely have lower fees, whereas exclusive deals that have substantial savings command higher fees.

It's imperative that an investor factors in the cost of purchasing a deal from a sourcer into their final calculations when running through the numbers.

CREATING A TEAM

It didn't take long for Valter to reach a point where he was getting 30 leads a day. At this point, he needed help. His response to the situation was to gather a team and put people in place to help with phone calls and emails.

As his reputation as a deal sourcer increased, people began to approach him for work experience and mentorships. But before bringing anyone on board, he asked them to read a few books first, in the hope that requesting people to read would distinguish the ones who were serious about working with him from those who weren't. In addition, anyone who read the books would be prepared for what the job entailed and consequently might not require as much training.

Valter assigned his team roles depending on the strengths of the individual. He continues to give them monthly tasks, so they can stretch and challenge themselves. He enjoys seeing people grow and develop as individuals.

Some people prefer to work with virtual assistants, but Valter preferred to build a strong and collaborative team and develop mutual respect. As a result, team members learn about different responsibilities and tasks within the business and property industry.

REGULATION

Property sourcers must comply with several regulations:

- Professional indemnity insurance of at least £100,000.
- Register with an ombudsman scheme – either The Property Ombudsman (tpos.co.uk) or The Property Redress Scheme (theprs.co.uk).
- Register for Data Protection through the Information Commissioners Office (ico.org.uk).
- Register for anti-money laundering supervision.

It's important that sourcers always ask investors and buyers for proof of funds, ID and a mortgage in principle to confirm whether they are serious or not. Having everything in place will allow them to move quickly and easily.

CASE STUDY: LEASE OPTION, LONDON

2-bedroom flat in London with a short lease.

Agreed purchase price:	**£260,000**
Option period:	**3 years**
Revaluation after lease extension:	**£360,000**
Fee:	**£10,000**

IMPORTANT SKILLS

Sourcing property demands several skills, however Valter advises that the following are the most important:

Negotiation

Having the ability to negotiate will likely result in a win/win situation for both vendor and buyer. This includes being able to listen to the vendor to find out what they really need at the time of sale.

Persistence

The ability to follow up is also vital. Most of Valter's deals came through following up with someone who was previously not interested. His trick when following up with a vendor is to make it about the person, not the property. He sends a message saying that he hopes the sale is going well and that he's available if anything doesn't go according to plan.

Self-development

The final skill is being open to self-improvement through reading, as it will make starting much easier. There are plenty of books on sourcing as well as other business skills such as negotiation and sales. Some of Valter's recommendations include:

- **Never Split the Difference by Chris Boss with Tahl Raz**
- **Getting More by Stuart Diamond**
- **Spin Selling by Neil Rackham**

Although he started his journey as a sourcer, Valter has now transitioned to become a full-time investor. Using his sourcing skills, he created a portfolio of £2.5m in a year and was the winner of Simon Zutshi's latest Mastermind programme. He was also nominated for New Property Investor of the Year at the 2019 Property Investors Awards.

CASE STUDY: LEEDS

2-bedroom mid-terraced house in Leeds that needed refurbishment

Property's market value:	**£77,000**
Agreed price with the seller:	**£53,900**
Discount:	**30% below market value**
Sourcing fee received:	**£5,000**

This article is this month's Your Property Network Podcast episode.

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YPN SAYS

There is no doubt that sourcing is a fundamental skill when it comes to getting the best deals in the property sector. Whether you are sourcing for your own portfolio or for clients, it's one of the most important elements of property investing.

Successful sourcing involves a lot of legwork, persistence and dedication. And it really helps to be good at building and managing relationships with people. As a sourcer you'll be dealing with vendors, agents, buyers and professionals such as surveyors and solicitors, as well as doing the practical – and for many, the fun – stuff like trawling Rightmove and other portals, and walking the streets.

An ability to negotiate is fundamental in securing great deals, which in turn will earn you the best returns either by way of equity in your own properties, or from sourcing fees.

To recap, if you intend setting up a sourcing business to find deals for others, you **MUST** be compliant with regulation.

- **Take out professional indemnity insurance**
- **Register with an ombudsman scheme**
- **Register for Data Protection**
- **Register for anti-money laundering supervision**

If you prefer to use a sourcer to find deals for you, check that they are fully compliant with the above.

Case Study
The power of the
Property SSAS Pension
Steve Brazil

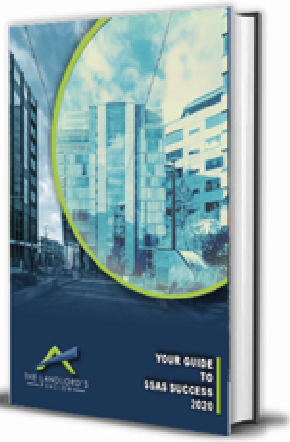
Property Investor, Co-founder and Director
Inspire Property Partners Ltd

The following case study clearly highlights why all business owners should be aware of the property SSAS pension. If they are not, then they could be missing out on extensive tax savings and the opportunity to invest in property or their business. In addition, the property SSAS pension, unlike traditional pensions, benefits from the advantage of becoming a family legacy.

Steve Brazil is a business owner, with an enduring interest in property. He and his business partner already had a small portfolio of buy-to-lets under their belt, and knew exactly what they wanted the next stage to be for their limited company, Inspire property Partners Ltd.. What Steve still needed to work out, was how to fund that next stage.

His first port of call was to look at his pensions. As Steve states, "the lack of information, access and control is extremely disappointing", when it comes to traditional pensions. This realisation forced Steve to do some further 'digging around', in search of a solution to the cashflow barrier he faced in looking to grow his company. "What immediately jumped out to me during my research was the SSAS (Small Self-Administered Scheme) pension and its unique flexibility. "Armed with the initial fruits of his research, Steve attended a property investment community meeting and asked around! "At this point, it was clear that the loanback ability of a property SSAS offered what I needed". Steve had noted a few advisors online but had been drawn to the expertise and 100%, 5 star reviews of The Landlord's Pension. A recommendation from a well-versed contact at the property meeting confirmed his decision that The Landlord's Pension had the experience and knowledge of both SSAS and property, to support his business strategy and goals.

"When I first contacted The Landlord's Pension, I explained that my main goal was to use the SSAS to make a loan to my business". The plan for Steve was to use the funds borrowed from the pension to purchase an additional buy-to-let. Whilst classed as a residential property, this was totally within HMRC rules as the SSAS was just making the loan to the sponsoring company, not purchasing or holding the residential property. The beauty of the loanback is that the sponsoring company is free to use those funds, whether for financing or investment purposes, as they wish. For Steve, "the potential to unlock my pension was key. The process was smooth and efficient. Simon at The Landlord's Pension offered practical and expert knowledge which gave me the confidence to go away and research exactly how I wanted the SSAS to work for us".



Achieving his initial goal very quickly, Steve purchased a buy-to-let in Nottingham, for cash, with the loanback funds. He explains, "The pension has a first charge on the property for security and we predict that we may even be able to pay the loanback to the pension early. Once the loan is paid back, our ongoing strategy is to do the same again, using the SSAS to purchase more property and grow our portfolio, something we just couldn't do before starting the SSAS".

"Longer term, I will continue to reinvest and also include a bit of diversity"

Whilst personally keen on the hands-on side of property investment and development, Steve has loan-notes with JVIP, an impressive developer in Tunbridge Wells, intends on investing in property loans or crowd property and also just a little hedge-fund, to ensure a wide portfolio of investments.

So, as you can see, Steve quickly realised his initial goal which was to grow his business using the loanback facility. However, as Steve has quickly realised, that is just the beginning. The flexibility and control offered by the property SSAS pension is unrivaled. The loanback is fantastic, but in addition, the tax benefits make it an absolute must for any company director, looking to grow their business, invest in property and take control of their pension funds. Steve's initial 'loose goals', as he phrases it, have turned into a robust and enviable long-term strategy for his business and his pension. With the support of The Landlord's Pension, Steve is formulating even greater and more diverse strategies, using his SSAS as a vehicle for investment, growth and his future. Not only that, he no longer has the worry of ploughing pension contributions into a pension that he has no control over. Gone is the uncertainty, the confusing fees and the concern that, should he die, the pension will be swallowed up by the pension company and not go to his wife or beneficiaries.

Keen to encourage others, Steve explains that the main barrier to people investing in property seems to be either lack of interest, ignorance or lack of confidence. With more information, perhaps others could take advantage as he has, of the control the SSAS offers. "Speaking to the experts gives you the confidence to do your due diligence, research your strategy and really make a difference to your future, both business and personal. I would encourage any business owners to get in touch with The Landlord's Pension and find out about the property SSAS pension from the experts".

MY LAST 10 OPPORTUNITIES AND WHERE THEY CAME FROM

By Richard Brown
aka
THE PROPERTY VOICE

When I heard that the theme for this month's edition of YPN Magazine was to be about property sourcing, I started to reflect on where some of my most recent opportunities have come from. Here is a summary of the results looking at the last 10 opportunities, some of which turned into deals or projects and some of which fell away for one reason or another.

SUMMARY

Number	Sourcing Method
5	Referral (R)
4	Self-sourced (SS)
1	Sourcing agent (SA)

Number	Sourcing Channel
5	Property portals / agent (PP/A)
4	Direct to vendor (D2V)
1	Wholesaler / sourcing agent (W)

LAST 10 OPPORTUNITIES

1 3 x HMO (25 rental unit) mini portfolio – introduction direct to vendor, who is a tired landlord, by a mutual acquaintance. (R) (D2V).

A friend and business provider within my network had been supporting a self-managing HMO landlord in her local town, as he lived out of the area. He was becoming increasingly tired and frustrated with the process of being a landlord at age 58 and had no other reason to be around the area after his locally based father passed away.

Our mutual friend put us together and we spent some time getting to know each other and exploring different ways in which a proposal might work for both of us. Given that he was looking for full market value for his portfolio; I proposed a lease option structure, which would allow me to take control of the portfolio with minimal cash outlay, which provided the landlord with a guaranteed income stream, a certain purchase price and a quick exit from the time and stress he was increasingly facing.

Fortunately, I have a property manager to help me to avoid some of the same time and stress!

2 2-bed flat, including full freehold to the building (repossession) – selected from our very own on the market Property Deal Tips service. (SS) (PP/A).

We have a subscription service where we scan the property portals looking for decent property projects that are on the market. Our minimum criteria is 10%+ ROI, and we tend to present around 1 in 100 opportunities reviewed once it has been through our 'three sets of eyes checks'. This one achieved a bit more ROI, so we charged a modest fee to pass it on to a member of the subscriber base.

3 5-bed HMO – casual conversation with an existing private investor into my development projects, also a portfolio landlord. (SS) (D2V).

I have a private financing partner that I have come to know very well over time, and we often engage in long conversations around property-related topics. In one conversation, he mentioned that he wanted to slowly start divesting some of his student HMOs and so I asked if he had any available right now to look at. A deal was struck that suited him and one of the people that I am mentoring, so everyone was happy.

4 17-unit on-market commercial conversion – referred on by one of the TPV Apprentices looking for such projects but too large and out of area for him. (R) (PP/A).

Within our TPV Mastermind Community, we have some smaller sub-groups or 'special interest groups' (SIGs), where we deep dive into a specific topic. A member of the larger conversion and development SIG passed this opportunity over to me, as it was too big and outside the catchment area suitable to him.

5 Single family home tenant-buyer opportunity – the contractor doing the work on a project located from a member of a mastermind group I am a member of asked if he could rent the property with an option to purchase upon completion. (R) (W).

This does not happen very often! I met a 'wholesaler' in the mastermind group that I am a member of who normally offloads projects direct to tenant-buyers themselves. However, they have some slow-moving stock and I agreed to take on some of these projects as a 'testing ground' for other potential opportunities, utilising the same vendor financing that they offer their tenant buyers. In this case, the contractor doing the works asked if he could become the tenant buyer of ours after seeing the standard we were bringing the property up to. I expect to grow this sourcing channel over the coming months.

6 2 x potential development sites (hotel and office building) to covert to residential – referred by the electrician working on one of my existing projects. (R) (PP/A).

It always pays to get to know the subbies working on your projects, as this one also tipped me off with a few opportunities that generally fitted my requirements … and even ran me round in his van to show me them! One didn't stack up against my criteria, and the other was sold but without these tips from the electrician I would not have known they existed.

7 6-Bed HMO conversion – casual conversation with an existing landlord with a connection to a mutual supplier leading to an exchange with delayed completion opportunity. (SS) (D2V).

The vendor and I got to know each other after connecting following an unfortunate encounter with a turnkey property supplier. Over time, we became friends and this owner wanted to get rid of his property originally sourced by the supplier. It needed considerable work and did not lend itself to an on-market sale at the vendor's expected value.

However, with an exchange and delayed completion structure, along with a vendor loan for the conversion works, it made sense for one of our Apprentice community to take it on with my oversight, so we secured a deal that was mutually beneficial.

8 6-unit commercial conversion listed building – found on Rightmove Commercial. (SS) (PP/A).

I recently bought a property myself using the Property Deal Tips sourcing system (I do tend to keep a couple of projects per year that I find). When I buy any property, I always have a look around the local area to see what else is around … just in case and to help with the economies of scale. That's how I found this one and have since gone on to secure planning permission to convert a former mixed-use building into six flats in a town centre location.

9 Various conversion and development opportunities – located by one of the TPV Apprentices simply asking me what my requirements are. (SA) (PP/A).

Another SIG (see Number 4 above) is for people providing investor services or sourcing opportunities. In fact, several smaller single units have come to me from members of this group, including these larger opportunities, as they know and understand my requirements. The level of understanding and trust within the group makes doing business together easier.

10 Several development projects with GDV in the millions – referred by my planning consultant. (R) (D2V).

Over the past couple of years, a planning consultant that I worked with has notified me of several project opportunities that fit my criteria. The trigger is where the existing owner of a site becomes motivated to sell the project on for whatever reason and if the project stacks up to me, I will take it.

Looking at this list of opportunities, along with the sourcing methods and channels by which they came about, there are some common threads. Many have come to me through as referrals from my personal contacts and network and by looking at neighboring properties on the portals or with agents. This exercise has made me appreciate this and so I should cultivate this even more than I do already.

The projects are a mixture of direct to vendor and on-market via portals/agents. However, if you had asked me this five or six years ago, I would have said that many would have come through property sourcers back then. Over time, I have been able to develop sourcing systems that can identify opportunities for myself, whether on or off market. This is ultimately better for me, given that the fall out rate of sourced opportunities can be quite high when subjected to closer scrutiny against our investment criteria.

I also notice that I could be doing more to source opportunities than this summary reveals. For example, direct-to-vendor marketing, which is something that I have had on my to-do list for quite some time now. Note to self – pull your finger out and set this up Richard!

In conclusion, sourcing requires a variety of different methods and channels to maintain a sufficient deal flow and ultimately be fruitful. One route may dry up or become less effective over time and so it makes sense to not be over-reliant on one.

Developing sourcing systems and having clear criteria to benchmark opportunities against does help to sift and assess the opportunities more systematically, although it still requires a **LOT** of time and attention to be effective.

I now have a small team that can support me in this activity but it more than pays for itself with the deal flow that it enables. I hope you have enjoyed seeing this topic, perhaps from a different angle, as a primarily self-sourcing investor and developer.

Richard Brown is the author of **"Property Investor Toolkit: A 7-Part Toolkit for Property Investment Success"** and **"#PropTech"**.

YES, THE LIFEBLOOD OF YOUR SUCCESSFUL PROPERTY BUSINESS REALLY IS LEAD GENERATION!

BY SUSAN ALEXANDER

This *'Try It, Track It, Tweak It'* strategy can build a super-powerful lead generation machine that will deliver all the property deals you'll ever need.

Lead generation is the lifeblood of many businesses. But it is more important than ever in the property business. Here, I am going to talk about how lead generation works in property, and how a 'try it, track it and tweak it' strategy can build a powerful lead generation machine that will deliver all the property deals you need and more.

You may ask what this really has to do with sourcing, but lead generation and sourcing are inextricably linked. Without leads there are no properties to source. If you have leads, you have a key to unlocking all the deals you will ever need.

IN FACT, LEAD GENERATION HAS NOT JUST ONE, BUT MANY USES IN PROPERTY.

It's a truly powerful tool for your business. As well as using it to source properties, you can use it to source new investors who want your property deals, or tradespeople, suppliers and professional advisers for that matter. Pretty much every aspect of a successful property business starts with successful lead generation.

Now as you can probably see, generating lots of leads involves lots (and lots) of work! That's a good thing, not a bad thing, because the relationship is simple: the more great leads you generate the more great property deals you will have. It really is that simple.

Let's look more closely at how you can build your own lead generating machine. Like anything else, it's best to have a strategy for lead generation. And here's a strategy that I can wholeheartedly recommend. I call it my TRY it, TRACK it, TWEAK it strategy.

FIRST, TRY IT!

To benefit from lead generation you first have to try it. Obvious maybe, but this is the most important thing about trying it ... you've got to be *consistent*. You have to work on generating leads week in and week out.

You don't need a huge number of different approaches. I recommend you commit to four or five different things you can do every week – more ideas on exactly what you can do coming up – to generate leads.

And this is where consistency comes into play. Some of these might be things you'd rather not be doing. On top of that, it's easy to let work on them slip especially if you're busy with other things. However, to get consistent leads you need to be consistent with lead generation.

Creating your lead generating strategy

Now to look a little closer at your strategy for generating leads. While consistency will get you the results, you need a *strategy* that will get you the very best results.

Your strategy will depend, to some extent, on what kind of leads you want to generate. It's important to be focused and not have a scattergun approach.

For example, let's say you want to generate leads for properties to buy, renovate and sell. You need to focus in on methods that *specifically* generate leads for properties that are either run down or where value can be added.

Selecting the best lead generating methods

I really do encourage you to use not just one, but several lead-generating methods that deliver the right kind of leads. Don't just pick the methods you like doing, select those which are the most effective.

Here are some of the methods you can try:

Using agents. This is probably the easiest lead-generating technique there is. Estate agents are advertising property for sale all the time, so it's a ready-made supply waiting for you. All you need to do is go in, talk about what type of property you are looking for, and then wait for the leads to come in.

There are drawbacks with this method though. An estate agent's idea of what makes a good deal may differ from our idea of what makes a good deal as investors and developers. Sometimes they won't always have leads for the best value property, as they are essentially marketing properties at retail price. You won't always be able to source many properties that are below market value this way.

One very good way to make leads from estate agents work is to focus in on the properties where you can add value. For example, where you can easily turn a two-bed property into a three-bed property, or perhaps move a downstairs bathroom upstairs. This way, even if you don't source the property below market value, you can still make money by *adding* value.

Using the direct approach. By using the direct approach to generating leads I mean directly approaching people who might be interested in selling their property to you.

There are a few different ways of doing this and, again, having a strategy and focusing in on the type of property you want will help you generate more and better leads:

- **You could take a broad-brush approach and do a leaflet drop. It could be across a whole suburb or even a whole town, or sending out thousands and thousands of leaflets over a period of weeks or months. You could use a proven lead-generating strategy such as a 'Houses Bought Quick for Cash' advertising campaign. This is likely to attract motivated sellers, and so the chances of turning a lead into a real live deal are good. Yes, something like this takes effort, time and money, but by taking such a broad approach – and being consistent with it – you are virtually guaranteed to generate leads.**
- You could take a more targeted approach and drop simple postcards. Perhaps just across a small area, or just in a few streets each week.
- **A good approach here is to make your postcards more personal and less corporate than a leaflet. Concentrate on dropping them just to the type of properties you want to buy. You could even add a personal note to the house owner saying how keen you are to buy property in that area/street.**
- The good thing about this method of lead generation is that it is less costly. Although you will probably generate more leads overall, not all will be highly motivated sellers. However, there should be some good quality leads amongst them. This method is also a great opportunity to work on your negotiation skills.
- **You could write letters to prospective property sellers. For example, you could write letters to commercial property owners, private landlords, HMO landlords, etc, asking if they are interested in selling their property.**

Landlords' investment strategies are all very different, and it's not unlikely that there are some landlords out there who are looking to get out of the very type of property you're looking to get into.

Advertising. There are lots of different ways you can generate leads by advertising. That is, advertising that you are looking for property to buy, but not a direct approach as such.

Methods to try here include: advertising in conventional paper newspapers, magazines and free papers in your local area. Or, doing much the same thing in a more modern way by using online advertising. Social media channels such as Facebook can be a great way to advertise regularly at an affordable budget to a wider audience, giving you the opportunity to continuously refine your audience until you find what works for you.

Whichever method you opt for, remember to focus on your strategy to get the best leads and the best deals, and pick those elements that fit it. For example, if you are looking for purchase lease option opportunities, a good way of focusing in is to target a property that is empty, or up for sale and rent at the same time. Better still, an owner or landlord who is advertising their property privately. This way you can get to talk to them directly and have a conversation to explain what you have in mind.

SECOND, TRACK IT!

By track it I mean that you need to *monitor and measure* your different lead-generating methods to see how effective they are. Measure what you put into lead generation ... and what you get back.

Remember once your lead-generating machine starts cranking into action, you'll be busy. And it's easy to get lost in all the busyness. Some methods might bring lots of enquiries but fewer deals, and others might bring few enquiries but many of them turn into deals.

Always keep and use some simple statistics: track how many lead-generating actions you make each week, eg how many leaflets dropped, postcards delivered, or whatever methods you chose. Then track how many responses you get. Separately, track how many responses turn into deals. Work out a simple percentage success rate for each of them.

By tracking everything, you will be able to see what doesn't work at all, what works to some extent, and what works really well.

I'd recommend you track the responses to your lead generating efforts – and be consistent in those efforts – for at least eight weeks before moving on to the next step.

THIRD, TWEAK IT!

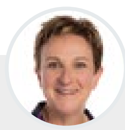
The third and final stage of building your lead-generating machine is to refine your strategy to make it super powerful.

There are a few ways you might do this: you might look for the methods that don't really work, alter them little to try them again for a number of weeks. If they still don't work you might decide to completely drop them.

Better still, you might drill down into the methods that work and see how they could be made even better, and spend more time on them. Perhaps by changing the people you target with them, or by changing the wording of your offer.

"Keep tracking and tweaking and you should, over time, not only see more leads generated but those leads will be of much better quality. And being consistent means, at the end of the day, many more successful property projects for you, and for others if you are sourcing property for other investors."

The fact is that a successful property business is not just about sourcing the right properties and doing the right deals. It is about getting the right leads in the first place, because the very best opportunities in property start with the very best leads.



CONTACT

If you need more detailed assistance with any of the areas I've discussed here, or other parts of your property investment journey, you can book a free coaching call at www.thepropertymentor.com or contact us on 01244 760213.

FRANCIS & EMILY DOLLEY

DEAL OR NO DEAL?

Along with my daughter and business partner Emily (who is currently on her second baby-making sabbatical), over the past seven years we've built a 27-property rent-to-rent portfolio in Bristol. Over this time and for various reasons, we've handed back another six properties, which makes a total of 33 properties.

We sourced all these properties ourselves, both via agents and direct from landlords. With an average deal-packaging fee of £3,000 for a deal being bandied about in property forums, had we bought these deals from a third party, this would have put us into a £99,000 deficit.

We saw it like this: in our world, it would have been a terrible business decision and it was a much better idea to learn the skills to source our own deals. When we started out, there were no training days or training materials to help us, so we had to make it up as we went along. In the early days, we burned a few bridges with our clumsy negotiating skills, but as time went on we got better and better, and have since negotiated some amazing deals where everyone truly wins.

It's a testament to us that very few of our lovely landlords ever ask to take the properties back; instead we just tweak their rents up a little at the end of the three-year contract, and tweak the rents of our lovely customers up a little to cover the increase.

THE #1 RULE

So how did we do it? Well the number one rule with negotiating a rent-to-rent deal is to make sure everyone gets what they want. This includes you, the landlord and, if there is one involved in the deal, the agent.

You must ask yourself the question: ***what does a landlord or agent really want?***

Landlords want you to take care of their valuable asset, so it's essential to let them know that you employ the services of a professional cleaner, gardener and qualified handyman for ongoing maintenance. This ensures that at the end of, say, a three-year rental period, you would hand the property back in better condition that when you first took it over. Compare this with renting a property to a family, where it's often handed back in worse condition and invariably needs an expensive refurb. This in itself is a great selling point with landlords.

You could also reassure them that there will be no more midnight phone calls from disgruntled tenants complaining that the light in the fridge has blown again and demanding you drive over and replace it immediately. Of course, you'll be offering them a guaranteed rent for the whole period of the contract and it's a good idea to have this number to hand. For instance, if you're offering the landlord £1,000 pcm, drop into the conversation that they are absolutely guaranteed £36,000 over the term, and ask them how they would spend it.

Some landlords might be worried about the ever-changing legislation, and you could also reassure them in this department. Tell them you are a member of the National Residential Landlords Association (if you indeed are!) and any other professional bodies, and that you have a good relationship with the local council HMO officer, meaning you are always bang-up-to-date with current legislation.

When negotiating any deal, you must find out exactly what is causing the landlord sleepless nights and construct your offer around solving that problem. More than anything, what you are offering the landlord is absolute peace of mind.

BUYING PACKAGED DEALS

With any deal, we like to be in the black within six months. When setting up a rent-to-rent deal, you might have to pay a deposit (we never do), you might have to pay the first month's rent upfront (we never do) and you might have to pay for a refurb (we usually go 50/50 with landlords).

This could be a sizable chunk of cash, and if you then also have to pay several more thousands just to find the deal, it will probably make your payday too far away to be worth your while. As previously stated, we never buy packaged rent-to-rent deals, and that's for a few reasons:

#1. They're often not 'deals' after all because the numbers don't work for you.

#2. Rent-to-rent is all about cashflow and depositing money into your bank account as quickly as possible.

If you do decide to buy a packaged deal, here are some questions you should always be asking:

1. **Can you see their ombudsman scheme registration number?**
2. Can you have their ICO registration number?
3. **Can you see both professional indemnity and public liability (if they are entering private households) insurances?**
4. Are they a sole trader or a limited company? (Check them out at Companies House.)
5. **Are they registered with HMRC with regards to money laundering with form MLR100? (This is good practice rather than an actual legal requirement.)**
6. Can they send over a copy of their terms of business, policies and procedures?

Whenever someone posts a deal in our Facebook group, Inside Rent 2 Rent, we always ask these questions. Quite often, the seller disappears and deletes their post. What does this tell you? That said, there are, of course, good and ethical sellers out there, but it is a case of caveat emptor – buyer beware!

SELLING PACKAGED DEALS

If you want to package and sell rent-to-rent deals, make offers on many deals and if they get refused, save the details as they often come back to you. Here are some quick bullet-point considerations:

- **Fees range for £1,000 to £3,000 per deal, although we have seen deals sold for as high as £8,000.**
- **The more information you can give the buyer (except for the full address) the more chance the deal will complete.**
- **If the property needs a refurb, include costing and contact details of local tradesmen and potential future management agents.**
- **Be clear with your terms and conditions and keep the buyer fully informed of progress so they don't go cold.**
- **Be 100% transparent with agents so they know you are buying deals for others. They might be a little skeptical and its absolutely crucial that they trust you.**

GETTING AGENTS ONBOARD

The same rules apply here. You must give agents what they want – but what do they want? Most agents think in multiple small fees, so why not offer to pay them a little bit more than usual?

Always be 100% professional to make their life as easy as possible. Being on time, doing what you say you'll do, over-delivering and pre-empting any potential objections they may have will go a long way. Will they need to see ID or proof of funds? Will you need a guarantor? Sorting all these things in advance will make the agent think that you're good.

Agents will usually have had to deal with, say, six difficult students and do multiple viewings, sign-ins, inventories, interims, chasing rents, check-outs, refurbishments, etc. You should explain to them that they will only need to deal with you. And you're 100% professional, remember?

When the penny drops that you'll be doing most of the work but they still get paid ... they will love you forever.

MARKETING

This is simple as all you really have to do is emulate what your local agents are doing. To run a successful business, they need to market to attract landlords to list their properties with them. They do this with a shop front (your website is your shop front) as well as flyers, letters to owners, boards, newspaper ads, advertorials in local property papers, networking, recommendations and word-of-mouth. Some might also use Facebook and Google ads.

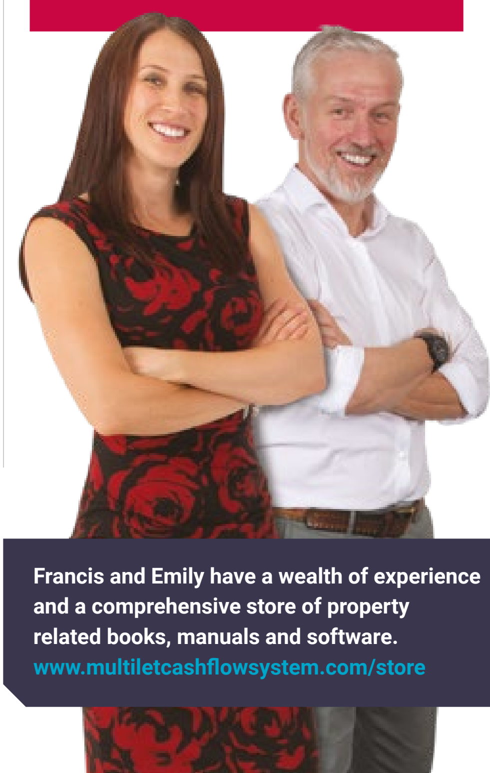
We found our deals using most of the above. Letters to landlords are a great starting point and still work very well. We were especially successful with a series of four specifically crafted letters, which we have made available to everyone via our website store (details below). As time goes by and your reputation grows, you'll find more and more landlords contacting you directly. And if you have been working hard in building a good relationship with maybe one or two local agents, they too will start picking up the phone and calling you first.

Remember that when the deals start flowing, you can start packaging them up and selling them yourself. If you do this, make sure you are fully compliant and a credit to the industry.

CONCLUSION

We have met several property investors over the years who don't own a single property, and instead make their money buying and selling deals. As in all industries, there are the good, the bad and the downright ugly rip-off merchants.

If you're selling, and especially if you're buying, make sure and do thorough due diligence. We got into property to make more money, and since the process of sourcing your own deals is relatively simple, we'd much rather save our money and do it ourselves.



Francis and Emily have a wealth of experience and a comprehensive store of property related books, manuals and software.
www.multiletcashflowsystem.com/store

UGLY DUCKLING DEAL SOURCING

OBSERVE THE MASSES AND DO THE OPPOSITE

By **Dan Hill**

Welcome to this Spring article of YPN, what a year it has been so far!

I trust you are well, and along with our community and businesses, have now completed as many of your Winter hit list tasks as possible during the quieter months. Hopefully, you're now ready to hit the ground running as we enter the more active Spring and Summer quarters.

In line with the shift in seasons, and indeed the lead feature for this month's edition of YPN, the topic for this article is deal sourcing.

I will share a number of advanced methods we use at PPN UK for sourcing deals, via our portfolio building company and our development company. I'll also provide some behind-the-scenes insight into the tips and tricks we've used to secure investments and developments of all shapes and sizes, that your competitors may not be aware of, or fail to execute.

Most may focus on deploying marketing strategies to secure off-market or direct-to-vendor deals, which are very valid. However, there are ten lesser known, quick-win and low-hanging margins you're missing. These will enable you to step up your game immediately and I'll cover as many as possible below.

To find out more about how to execute all ten in practice, take a listen to episode three, The Margins You're Missing, of The Official Property Entrepreneur Podcast.

THE MARGINS YOU'RE MISSING

Volatile property markets coupled with increasing levels of volume and uncertainty provide opportunity in the market. We aren't the only people out there looking to capitalise. If you want to get ahead in 2020, you need to master the art of deal sourcing to ensure an edge of knowledge and ability against your

competition for the months ahead.

Common methods include getting into the agents' pockets (namely by just putting your money where your mouth is), or to invest and deploy targeted marketing strategies such as pay-per-click (PPC), lead generation, funnels, letters, flyers and bandit boards, with the primary objective of securing off-market or direct-to-vendor deals.

These strategies certainly work, and have done us well to date. However, for those searching for low or no-cost alternatives, I hope the advanced insight and value within this article will help.

Apply one or more of the below to listings currently on the open market. By doing so, you will likely secure an edge over your competition either in the price you pay, the speed of acquisition or most likely, the achievement of commercial viability from opportunities that everyone else is walking past.

I've noted below the exact point where we cover each margin on the podcast episode, so you can jump straight to the information you're looking for.

Episode 003
The 10 Margins You're Missing

1. 0:11:13 - **The Motivation Margin**
2. 0:14:37 - **The Confidence Margin**
3. 0:13:09 - **The Risk Margin**
4. 0:14:37 - **The Expertise Margin**
5. 0:16:08 - **The Security Margin**
6. 0:17:35 - **The Premium Margin**
7. 0:20:29 - **The Holding Margin**
8. 0:20:35 - **The De-risk Margin**
9. 0:22:05 - **The Yield Margin**
10. 0:23:08 - **The Commercial Margin**

There are deals everywhere, and practising these ten strategies will enable you to capitalise by securing more sites with higher margins.

THE UGLY DUCKLING

OPEN MARKET DEAL SOURCING

Although off-market and direct-to-vendor marketing and deal sourcing strategies can be highly effective, we can look for easy money using this advanced model. After reading this article, head over to Rightmove to appraise, validate and secure a new deal.

Essentially, what we're looking for is the ugly duckling. Deals that, for one reason or another, your competitors are missing, walking straight past or discarding.

WALK THE TALK

Real life case studies from 2019

Using a number of our favourite project sites from the past 12 months, I'll illustrate below how we used our margins to secure some of the most lucrative deals from the open market.

CASE STUDY 1

Site Nottingham student HMO
Status Bought, mid refurb
Strategy The Expertise Margin

Starting with a site size that will be accessible to most readers, this is an HMO property that we sourced for a client in the summer of 2019.

It was listed as a four-bed tenanted student HMO, and had been on the market for a number of months. I assumed that it was due to the fact its tenanted yield and four-bed HMO status looked, to the uneducated eye, as an overpriced asset. It generated a limited interest with a listing of £190,000.

Rather than scroll past this Rightmove listing and discard it on face value, had our competition read the detail and applied **The Expertise Margin**, they would have noticed a number of key issues in the listing. It identified quite the opportunity!

It was marketed as a four-bed HMO with a yield to reflect this, however further inspection identified that this was actually a five-bed. The fifth room was currently void, due to a tenant moving out and a decreasing market demand. Immediately, this qualified the price point as more realistic, and it piqued our interest. Looking further through the photos, the property had two sizable communal areas and usable cellar space and therefore the opportunity to create a sixth bedroom, a kitchen diner and an additional communal space.

The house's location was prime territory for us, as we have more than 150 rental units in the area. Knowing the market very well enabled us to create further value. The property was better suited to the professional market, due to its location and a very favourable floorplan that could easily be converted into six double en-suite rooms.

All of a sudden, the questionably priced four-bed HMO that had been on the market for months became a very lucrative acquisition opportunity. We progressed to secure it quickly.

THE UGLY DUCKLING

How many of these margins are you missing in your deal sourcing?

Listed price:	**£190,000**
Secured price:	**£182,500**
Refurb:	**£68,000**
End value:	**£270,000-£300,000 (estimate)**
Net cashflow:	**£1,650 pcm**

External

CASE STUDY 2

Before

Site Inaugural House

Status Bought, built, rented and sold

Strategy The Motivation Margin, The Risk Margin

Moving up into the small development space, this site was on the open market for all to see. But how did we manage to secure it with a 25% discount and make 42% net return on investment, which in the mass market, is almost unheard of?!

It was an awkward and small mixed-use site, with an office downstairs, residential upstairs and a detached industrial unit to the rear. Everything was held and historically rented by a local business owner as a pension investment.

It had been carrying a low occupancy level for several years, and when all units were vacant the owner decided to sell. The initial price was for offers in excess of £200,000, which, due to the lack of options in its current form, was overpriced and therefore attracted minimal interest.

That said, as time went on the price began to decrease. The vendor entertained and accepted an offer from the open market of £180,000.

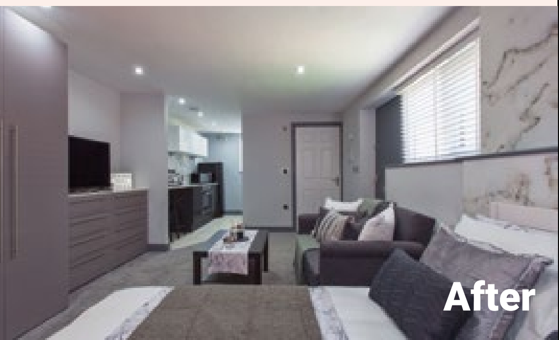
Six to 12 months later and the property reappears on the market at a 'reduced' price of £180,000. The seller's expectations had now been reset and was increasingly motivated, due to holding a vacant property with limited sight of credible buyers.

When attending the site for the first time to appraise the opportunity, I found the best position to progress was reasonably clear.

As a commercial investment, the layout and various planning classes of the current use would appeal to a very, very small market. This explained the high voids and low buyer interest. As we dug further, we discovered an ongoing lease issue with the owners of a billboard to the right of the site, and as next door had been home to a petrol station some 30 years ago, the land was potentially contaminated.

BINGO ... an ugly duckling!

Fast forward 24 hours, and our investment expertise meant that we could see a comfortable way to work around the issues surrounding the property. We were also confident in implementing **The Risk Margin** by dropping below minimum space standards and securing full planning permission for a high-density residential scheme. As a buyer, we had a good track record and were willing to make a cash purchase, thus executing **The Motivation Margin**, as the vendor secured certainty of sale over price. The site was ours for only £152,000.



After

THE UGLY DUCKLING

How many of these margins are you missing in your deal sourcing?

A full breakdown on exact figures are detailed on the podcast.

Listed price:	**Offers over £200,000**
Purchase price:	**£152,000**
Development:	**£155,000**
End value:	**Sold for £470,000**
Profit:	**c.£150,000**

Before

CASE STUDY 3

Site Field House

Status Bought, built, rented, refinanced, held

Strategy The Security Margin, The Risk Margin

To finish, a slightly larger development site to illustrate that these advanced strategies work at all levels. Back in 2018, this 10-bedroom care home site piqued our interest the moment it was listed. It was an incredible building in a prime location and was opposite the previous PPN UK head offices!

Originally listed at offers in excess of £200,000, the masses quickly swarmed. It went to best and finals, and then off market for an undisclosed amount within a matter of days.

As is often the case, the highest price is not always the best buyer. Offer one fell out of bed due to finance issues, closely followed by offer two taking it off the market six months later. That buyer pulled out due to issues securing planning.

Over a year on from the original listing, and approaching Christmas (prime time for negotiations), the property is listed again. It's time to deploy three of the big hitters and reel in a world-class development opportunity that the mass market were unable to execute:

- **The Security Margin**
- **The Risk Margin**
- **The Yield Margin**

The price of offers in excess of £200,000 had attracted some appealing offers, but there is a big difference between an offer and a sale. The value and importance of the latter was increasingly important to the seller.

Using **The Security Margin**, we presented a cash purchase with exchange within 28 days, providing security of sale without being dragged out or reliant on third party finance to complete.

The primary appeal of this site was the opportunity for residential development. However due to local planning issues, it wasn't an easy application and would be challenging to secure, hence why the previous favourably priced yet conditional offers fell through. By deploying **The Risk Margin**, we bought the property unconditionally and absorbed this risk, while benefitting from the additional margin associated in doing so.

Finally, to end up in the most lucrative position, we used our experience in development to deploy a high-density scheme to deliver ten build-to-rent apartments. Doing this maximised the commercial valuation and the highest possible yield.

By drawing these three margins together, we took a site that was unviable for many and, not only secured it, but built out a phenomenally lucrative build-to-rent site. It's now complete, fully tenanted and refinanced to hold.

THE HANDSOME UGLY DUCKLING

How many of these margins are you missing in your deal sourcing?

Listed price:	**Offers over £200,000**
Purchase price:	**£170,000**
Development:	**£285,000**
End value:	**Refinanced at £635,000**
Equity:	**£180,000**

THE UGLY DUCKLING SUMMARY

In addition to your current strategies, observe the masses and do the opposite. Use these ten advanced deal sourcing strategies to secure the ugly ducklings by capitalising on the margins you're missing.

TOP TIPS

1. **Play the long game.** Many of these deals take time so ensure you are continually sourcing to build a pipeline and follow up, follow up, follow up.
2. **Master the margins.** Listen to The Official Property Entrepreneur Podcast to find out more about the ten strategies that we use to beat the local market and competition.
3. **You can't have your cake and eat it.** High return doesn't come without risk, and whilst this cannot be eliminated, it can certainly be heavily mitigated and back stopped.
4. **Success and failure are both very predictable.** If you chase the hot topic of the day you are going to lose deals or pay a premium. As mentioned before, don't compete in the mass market, observe the masses and do the opposite to find the ugly ducklings.

I wish you all the best with your property investment and development through 2020. If you want to know more about how to take your business to the next level, subscribe to The Property Entrepreneur Podcast or join us at this year's The Property Entrepreneur Blueprint event at The Belfry on May 11th – 13th. Details inside the back page of this magazine.

Happy deal sourcing, ladies and gents!

All the best,

Daniel Hill

www.Property-Entrepreneur.co.uk

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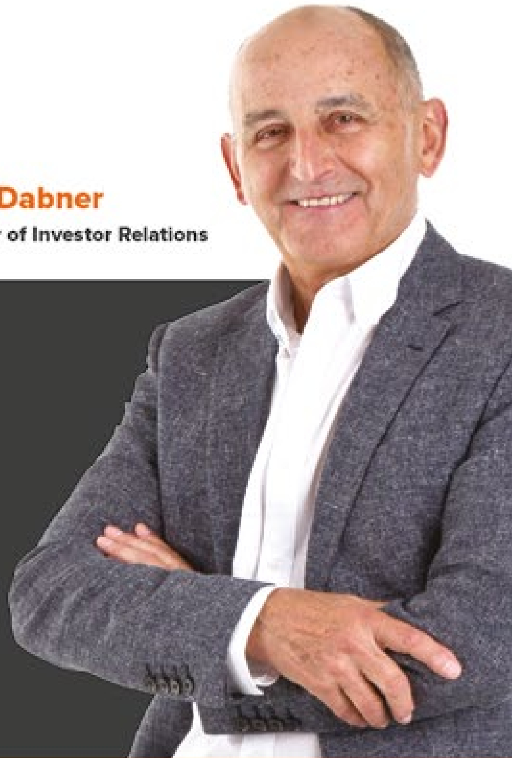

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WITH THE EXPLOSION IN TECHNOLOGY, WHY IS PROPERTY SOURCING AND ANALYSIS STILL STUCK IN THE DARK AGES?

By **Leigh Griffths**

Technology and Apps are there to help the busy investor, but sourcing for deals, be they residential or development, still seems to involve lots of jumping from one portal to another in a disjointed way. If only there was an integrated solution to this problem. In this short article, Leigh Griffiths eludes to the challenges of sourcing and how, through his novel platform PSEngine, investors will be able to identify, source and analyse property and land opportunities in a more streamlined way.

What is the problem with current ways of sourcing and analysing deals?

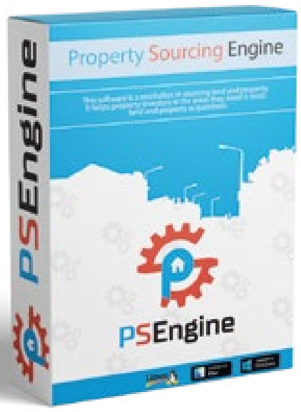
At its essence, sourcing is the ability to find, analyse and either purchase a property or package the deal for investors. Sourcing can range from vanilla BTL through to development opportunities. To do this effectively means **manually** viewing and assessing "multiple data points". First, one has to identify motivated sellers on the major portals using metrics such as: length of time a property has been on the market, multiple listings, relisted properties or properties listed as "for sale and rent". This is often followed by analysing comparable data, extracting required information for a particular strategy, finding ownership data and searching for bespoke property and land opportunities through direct contact with vendors. It's a long-winded process that needed an IT solution.

From a sourcing perspective, why did you decide to develop PSEngine property software?

Initially, I was trying to give myself an edge over the competition when looking for properties going through planning 'change of use' in order to approach the vendor directly before planning was granted. I narrowly missed one such opportunity where the vendor was looking to convert storage units to flats. Subsequently, I identified many ways to gain an advantage when looking for property opportunities and this spawned a large-scale software development project! I wanted to bring many methods of sourcing and analysis under one 'hood' - no engine pun intended.

What are the key features of the latest version of PSEngine?

PSEngine is like the Swiss army knife of property software. It encompasses multiple ways to identify, source and analyse property and land investment opportunities. You can then contact the vendors of properties via incorporated direct mail, all from within this single piece of software.



The user-friendly interface makes it easy to run complex searches to find properties that meet the specific requirements of investors. A single search on PSEngine will analyse all of the properties listed on the UK's three leading property portals simultaneously. Comprehensive search filters and algorithms allow the identification of a multitude of property types eg refurbishment projects, repossessions, probate, cash only purchases, empty properties or those with planning potential.

The ability to remove irrelevant listings, identify price reductions and relisted properties will allow a more focused search. It's also possible to analyse potential deals against live and sold comparables at a click of a button; Comparative analysis has never been easier. The powerful software is able to automate identification of property addresses ensuring that bespoke, targeted direct mail letters are just one click away. PSEngine allows printed or real handwritten letters using a robotic arm to be mailed from within the system.

One of the key features of PSEngine is the ability to search more than 215 local authority planning portals across the UK from a single interface to identify multiple property or development opportunities. Accompanying this is a powerful mapping interface that allows filtering and viewing of land boundaries by size (eg if investors are focusing on land above five acres).

All information is provided to provision the ownership details from land registry – you simply import the PDF title deeds that land registry provides and allow PSEngine to do the rest.

Many more features are in the pipeline to really enhance the speed and ability to find potential deals.

A summary of PSEngine's key capabilities that will appeal/benefit all investors:

- **Analyse and sort data from all properties listed on the three leading property portals**
- **Identify repossessions, probate, cash-only, empty properties and much more with one click**
- **Identify properties with key motivated seller indicators: reduced prices, relisted properties, time on the market, negative prices**
- **Identify properties for sale and for rent – excellent PLO opportunities**
- **Undertake comparable analysis to support valuations**
- **Automatically works to identify property addresses and create targeted mailshots from within the software**
- **Search more than 215+ planning portals from one interface**
- **Powerful mapping interface including land boundary layers.**

How will investors looking to source deals benefit from PSEngine?

Any property sourcer or investor looking to achieve a fuller pipeline of potential deals will realise that the faster they can find potential deals, the more deals they will secure. If you have been on a property training course, they will teach you to search manually or hire VA's to perform the same tasks. PSEngine automates these tasks for you (or your VA) and as such, it's a unique package that can really add tremendous value to your sourcing activities.

How can readers find out more about the benefits of PSEngine for their sourcing needs?

Simply search **'psengine'** across Facebook, LinkedIn, Twitter, Instagram or YouTube to follow our hints, demos, tips and more tailored tutorials for each property strategy. Alternatively, email me directly **leigh@psengine.co.uk** with any further questions.

Explainer Document:
http://bit.do/psenginepdf

YouTube:
http://bit.do/psengineyoutube

Leigh Griffiths

PSEngine

ARE ILLEGALLY CONVERTED FLATS A GOOD DEAL?

Kevin Wright
Creator of the Ninja Investor Programme
www.ninjainvestorprogramme.co.uk

For last 20-30 years some landlords have calculated that if they convert their properties into flats, the rental income will be much greater than renting their property to a single tenant. So they converted it and may have been happily earning increased rental income for many years.

Unfortunately, not all of these landlords have taken into account fact that planning permission is required for conversions. There are hundreds of thousands of houses in the UK that have been illegally converted in this way with landlords who have conveniently chosen to dodge the rules or, in some cases, simply weren't aware (and didn't bother to find out) that planning permission was required.

Council planners have the right to issue an order demanding that any illegal alterations to a property be returned to original state. Without planning permission they're completely within their rights.

The problem is that some illegal conversions don't come to light until the owner comes to sell it. The buyer applies for a mortgage, the lender's surveyor carries out all the required checks and discovers that the property is listed as a single residence with no planning permission for the conversion; so the lender will decline the mortgage.

It's hardly surprising as, if they had provided a mortgage, there's a danger that the council could demand the property is returned to a single dwelling – and the value of the property could then be reduced.

So, am I advising that you don't touch illegal conversions with a bargepole? No, far from it. The owner has turned their property into an unmortgageable property – now their only choice is to sell to that small group of investors that do not need mortgages, cash buyers.
However, if you're an intelligent investor who understands bridging finance there could be a really good opportunity for you.

It's possible to apply for retrospective planning permission – BUT it's unlikely that the original owner will get this as the Council will take a dim view of him/her having ignored the need for this at the point of conversion. As a potential buyer it may be a different story and you're likely to be treated more favourably.

Before you commit to buy meet with the Planning Department and outline your intention to buy, explaining that you've discovered that no planning permission was ever submitted. You won't get a definitive 'yes', but they'll usually give you an indication.

As long as you can prove the property has been in continuous use as flats for 4-10 years, you can apply for retrospective planning permission (check what the local Council requires to ensure you can satisfy their needs).

Bizarrely one of the easiest ways to prove established use is Council Tax as they don't seem to report change of use the Planning department! Other ways could be through utility bills or the electoral roll.

Bridging lenders will lend on this kind of property and this makes you a 'pseudo' cash buyer, which means you can negotiate very favourably with the seller on price and, legitimised with retrospective planning permission, not only does the property becomes mortgageable, but the value increases to the full market value – and that could show a handsome profit for you.

There are knowledgeable investors who use this as their primary strategy. **To learn how to become one of these knowledgeable investors and level up your property investment strategy, join me at an upcoming Ninja Investor Programme Workshop.**

Raj's RANT

ANYONE KNOW A GOOD LETTING AGENT?

Before everyone floods me with suggestions, I'm not really looking for any recommendations. However, a recent round of 1:1 mentoring saw me and a mentee visit a local property managed by an agent, which got me thinking: *"Anyone know a good letting agent?"*

As I often do in these articles, I'll have a bit of a rant about letting agents and how some get a fairly simple business horribly wrong – mismanagement woes are constantly in the headlines. Because I'm a helpful sort, I'll hand out a few tips along the way as I have advised people on how to go about tracking down a good agent. In our case, we (me and wifey) learnt about property management from the ground up, and I even became a letting agent for a short while – however I'm better now, but thanks for asking.

We got to the heady heights of managing ten single lets and knowing how to manage definitely helped us when identifying the ideal agent for ourselves. Our letting agents are excellent and my wife is enjoying having more free time. By the way, where is she? I think she's gone off for another weekend away. (*PS: I'm in Nottingham so let me know if you need the agent's details.*)

Tip 1: Learn the ropes so you have a true understanding of what's required from your agent – the buck stops with the property owner.

Without sounding arrogant, the lettings business is a pretty simple one. Especially these days, with all the support and training available through organisations like the NLA. To create the right mix, make sure you are properly registered, have the right insurances, get some systems in place, stir and bake till ready. Sprinkle with some honesty and transparency and leave behind all the smoke and mirrors – happy landlords, happy tenants … or are they?

When I started my fledgling lettings business many years ago, the first thing I came across was contractors asking how much I wanted to markup the invoices. They were quite happy to issue me with two invoices – one for my books and one to send to the landlord. Confused? Let me elaborate. Repair costs £100 (invoice 1 to me) but I bill £120 to the landlord (invoice 2) so £20 in my pocket.

I know what you're going to say … that as I had to organise the said repair, £20 is not a huge cost for my "services". True, but don't forget that I'm already getting paid 10% or so to fully manage the property. Illegal practice? Not sure, although I do remember an agent being taken to court many years ago and losing the case.

Back to my mentoring story where I walked around an HMO with a mentee. From what he had told me, there seemed to be some mark-up already going on – poor out-of-area stressed landlord being taken advantage of. I walked past the notice board and was expecting: a copy of the gas certificate, a copy of the HMO licence, useful numbers to call in case of problems, some house rules and dates of when regular fire safety inspections were done, but maybe I'm describing our own notice boards. This one had some out-of-date information and a useful flyer from a local pizza company. Thanks, I ordered one – it was yummy!

Lettings is not a complicated business but often, the agent either grows too quickly and is short staffed so service levels drop, or they just get plain greedy. Bearing in mind that this industry has a role to play in the safety and welfare of its customers (tenants), it's always a shock to realise how unregulated it is. It has got a bit better over the years, but not by much. Thank goodness they ended the letting agent fee structure. What a debacle and definitely "money for old rope".

Tips 2, 3, 4 and 5:

2. **Ask around and get recommendations (network meetings are a great place).**
3. **Pose as a tenant and see how you are treated (on the phone and in person).**
4. **Check Google – if an agent has a zillion positive reviews, it must say something unless you think there is a conspiracy going on (our own agent has 212 reviews with a 4.7 rating). The best agents are those who reply to negative comments. There are always two sides to a coin but at least the agent is acknowledging the situation rather than ignoring negative comments.**
5. **Avoid agents who are also investors with their own portfolio – classic conflict of interest (whose house are they going to let first?).**

It's a simple business, but due to the low cost of entry which requires no formal training by law, many agents out there simply don't take the time to learn a business fraught with regulations. Don't get me started on my all-time favourite where I'll be talking to a local agent about Article 4 regulations for HMOs and they'll reply using licensing language. Classic case of comparing apples with oranges.

Let's finish on a high with a few "what Raj saw today" headlines to give you a true sense of the breadth of incompetencies/fraud:

- **Common ones are not protecting tenant deposits or not passing rents to landlords and using the money for other purposes: Oh, I feel a cruise coming on …**
- **Charging for bogus maintenance work.**
- **Losing the human touch in favour of IT (it's a people business).**

So, agents, it's a simple and profitable business model – let's keep it simple (and profitable!).

RANT OVER

Raj

ONE PLOT + FOUR OWNERS + LAND ASSEMBLY DEAL STRUCTURE = WIN/WIN FOR ALL PARTIES!

YOUR PROPERTY PROJECT

Interview & words:
Angharad Owen

Graeme Stewart and Stefania Maulucci have previously been featured in YPN independently of each other. Without Graeme's article on land assembly back in the May 2016 issue, Stefania and Graeme would never have met, and this deal probably would never have happened.

This unique deal shows how YPN connected people and how working collaboratively can result in a win/win situation for everyone involved. The deal comprised working with multiple owners, finding a planning solution that worked for the planning authorities, and ultimately, was very profitable for the vendors and developer.

THE PROJECT

Stefania owns one of four leasehold flats in a large converted Victorian building in Sydenham. It has a large back garden and some neglected and overgrown land to the side. This area had mostly been used for bin storage, and it wasn't possible to see the size of it from the street. However, it was indeed a large plot.

Each leasehold flat owner in the building was a director of the company who owned the freehold. They each owned a share of the freehold, and therefore all had joint ownership of the garden land surrounding the block of flats. If the flats had only been leasehold, with an external company owning the freehold and collecting ground rent, this deal may not have been possible.

After her tenants moved out of the apartment, Stefania found a letter from a developer who was interested in buying the neglected land. She met with the other flat owners within the building to discuss whether they were interested, and together they decided to find someone with experience in purchasing and developing land. Very soon after, she discovered Graeme's article in YPN.

Stefania contacted Graeme and discussed the potential opportunity. Although his speciality was land assembly, the same principles still applied despite there only being one plot of land. For the sale or development of the plot to go ahead, he had to get agreement from all four owners to sell. Luckily, Stefania already had a relationship with the other owners, and she was able to introduce Graeme and begin the process of negotiating.

The plot of land

GETTING PEOPLE TO WORK TOGETHER

A land assembly deal always involves multiple people. It's essential to find a solution that works for all parties, and in this case, each owner was keen to proceed. Graeme explained the process to everyone, what was involved and how an option agreement worked.

The four owners agreed to share the purchase price equally between them. It was very transparent that all vendors were going to get the same amount. "*What can kill deals is that if there's one owner who gets too greedy and thinks they should be getting paid much more than the others,*" Graeme says. After the first meeting, he had the green light to do further due diligence and research to find a value for the plot.

DUE DILIGENCE

Graeme uses a tool he has created specifically for analysing deals to undertake some high-level due diligence. He looks at the numbers to see whether they stack up, while considering if he can afford to pay each owner enough to tempt them to sell whilst still paying below value, assuming planning permission is granted. He also visits the site to analyse whether there are any obvious reasons as to why it couldn't be developed, such as trees, slopes or outstanding planning applications. During this early due diligence process, Graeme doesn't want to spend too much time or money until after speaking to the owners.

If the deal is deemed eligible, he will contact the owners to let them know of his interest to proceed. Any further due diligence will only be undertaken once he knows there is a certain interest from the owners as in the past, despite offering a large sum of money, some landowners will never sell.

If the vendors are happy to move forward, he will then start working with planning consultants and architects to come up with a scheme that maximises the land value and has a high chance of gaining planning consent. The cost of due diligence was minimal prior to the first meeting with Stefania.

FINDING A VALUE

The first step in finding a value for a plot of land is to try and work out what would be granted through planning permission, as the value is dictated by what can be built on it. A plot in a rural setting surrounded by detached houses will likely gain permission for another detached house, similarly an acre of land in inner London surrounded by blocks of flats would likely be granted permission for a five or six-storey block of flats.

Land values are proportionate to a site's GDV, therefore the higher density of housing, the higher the land value. Calculating the potential value is trying to predict what will gain planning permission to be built on the site. Graeme worked closely with architects and a planning consultant to come up with a few options. They agreed that the best option was for four flats. It was an investment of around £2,000, and although it's not a huge amount, it also isn't insignificant. *"That's why you don't want to do that work until you know at least there is a level of interest with the owners,"* Graeme elaborates.

He offered a purchase price to the owners based on that scheme. After a negotiation period of three months, everyone was happy with the agreed sum.

SYDENHAM
SOUTH EAST LONDON

Type of property	Garden land
Strategy for this property	Secure via option agreement and then sell on or build out
Purchase price	£433,000
Open market value	With planning for 4 flats - £750,000, GDV when built out £1.9m to £2m
Purchase costs	£23,000 for all legal, planning and architects fees – higher than expected as he had to go through planning appeals process
Funding	Cash for initial fees and private finance to buy and build
Deposit paid	10% when we executed the option - £43,000
Amount of funding	£1.2m to total to cover purchase costs and build and associated costs
Borrowing rate	10% pa
Monthly mortgage/ funding payment	Rolled up and paid at the end
Total money in:	**£23,000**
Personal money in	**£23,000**

CGI visual of the proposed development

NEGOTIATION DELAYS

One of the flat owners decided they wanted to sell rather than sign the option agreement. Graeme, with the help of an investor, decided to buy the flat but ensured that the exchange of purchase happened at the time as the exchange on the option agreement. Doing this meant that he wouldn't buy the flat unless he had control over the land.

The price was determined through the average valuation of three estate agents. The vendor benefited from not having to pay agent's fees, and Graeme knew that by buying the flat, no-one else could ever develop the site.

Purchasing the flat meant that the number of parties involved decreased from four to three. *"With these deals, the greater number of participants, the risk increases because it could fall through,"* Stefania explains. *"By reducing the number, we had a path forward."*

"With these deals, the greater number of participants, the risk increases because it could fall through"

"The good thing from our point of view, in doing that was we had already established that the other three people were interested in selling, which [was] good," Graeme adds. *"But us buying that flat meant that to some extent we could really control the deal, because we knew that nobody else could ever buy that site."*

The final purchase figure for the plot agreed by all three owners was £433,000, divided equally between them. A stipulation of the purchase was that £40,000 of the sum went into an independent fund for the improvement of the existing block of flats.

They signed a 12-month option agreement in November 2017, which gave Graeme the comfort that he could purchase the land at the agreed price if he was granted planning consent. It was only at this point that he was ready to start investing further time and resources into the planning application. Until the option agreement was signed, any time and money spent was at risk. In the event of planning refusal, the option could be extended for a further 12 months.

PLANNING

Graeme had a good relationship with his local planning officer, who was helpful in giving feedback on what would and wouldn't work in the area. The officer also gave a recommendation for approval of the proposed scheme of four flats.

However, during the consultation period, the proposal received a number of objections from local residents.

There was a local council policy in place for any planning application that received more than ten objections, the decision would be taken by the planning committee. Even though the application had the planning officer's recommendation for approval and was policy compliant, it was refused. The main objections included the building being out of character with the area, a loss of trees, and a concern that the new site had insufficient parking, which would exacerbate parking issues in the surrounding streets.

"It wasn't really about the money, but a moral victory"

After conferring with his planning consultant, Graeme decided to appeal the decision.

The plot of land was sandwiched between the block of flats and a two-storey detached house. There was a perception amongst local residents that the new building would be overbearing, even though the proposed design matched the ridge heights of the buildings on either side. The planning consultant also wrote a detailed report as to why the design of the building wasn't out of character.

To address the concerns about parking, Graeme commissioned a parking survey to prove to the planning inspector that there wasn't an issue. For three consecutive nights, people measured the amount of available kerb spaces within a 250m radius space at 4:30am, as this is when most people are likely to be at home.

A planning inspector visited the site six months later in February 2019, and Graeme finally heard that he had won the appeal in July 2019. He also claimed costs against the council for the cost of his appeal. The claims process is in place to ensure that all councils apply with policy and applications are refused for valid reasons only. He won a partial award of costs. *"It wasn't really about the money, but a moral victory,"* he says.

Being a property investor, Stefania wasn't concerned about the planning delays. *"Graeme did a good job of explaining how the process worked, and [he] kept all the owners up to date regularly,"* she said. *"He absolutely assured everyone that planning is very bureaucratic and the council is understaffed."*

Graeme agreed that regular communication with the vendors was key throughout this process. He said: "*It's important to send a quick email or a quick phone call to say: 'I've not forgotten about this, this is what's happening and we're waiting for them to come back to us.'*"

Had the planning been refused at appeal, Graeme's back up plan involved redesigning the building. *"I was really desperately hoping that I wouldn't have to go down that route,"* he reveals.

COST OF WORKS

Project duration 18 months to gain planning permission and further 8 – 9 months for construction	
Legal fees	£4,727
Vendors legal fees	£4,500
Architect's feasibility study for pre-app	£750
Topological survey	£900
Tree Survey	£745.20
Architect's fee	£4,000
Planning application fee	£1,140
CGI	£2,700
Planning consultant appeal fees	£2,640
Traffic Survey	£690
Planning Consultant Rebuttal Letter	£324
Total	£23,116.20
Refund of Costs from Bromley Council	£500
Net Total	£22,616.20

TO DEVELOP OR NOT DEVELOP?

When Graeme won the appeal, he only had three months remaining to complete on the deal. There were two options – to sell the plot with planning permission or to develop the site.

Selling the plot would have generated a significant profit. However, Graeme not only knew that building out the site would be extremely profitable, but felt a moral obligation to see the project through as he had built a strong relationship with Stefania and the other owners. They knew and trusted him, and wanted him to be the person to execute the build. *"Graeme did a good job in the sense that he inspired confidence, especially with one of the owners who was a bit reluctant and suspicious,"* Stefania says. *"That person was keen for Graeme to build out, although he stressed that he wasn't a builder."*

The project is scheduled to be finished in the summer of 2020. The flats are being built using a timber-frame construction, and it is all going to plan thus far. Looking back, he feels that going through the appeal process was a blessing in disguise. *"Last year the sales market, certainly in London, was pretty bad,"* he expresses. Since the election in December 2019, he's noticed that the market has started to recover. When completed, the estimated GDV is between £1.9m and £2m, and the apartments will be sold.

Without reading Graeme's article in YPN, Stefania believes that she would have tried to go through this process alone. She felt that it made a *"big difference"* to work with Graeme, not just because of his experience in this field, but also that there was another person to answer any questions and to navigate all four flat owners through the deal.

"I think the message is to work with others and continue working with other investors where you have different skills," she advises. She not only made clear with Graeme what she wanted to achieve through this deal, but she was also confident that he would be able to deliver what was promised.

GET IN TOUCH

To find out more about land assembly please get in touch:

Website: **www.jigsawlandandhomes.co.uk**
Email: **graeme@jigsawlandandhomes.co.uk**

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FOLLOWING A REFURB PROJECT FROM BEGINNING TO END

Part 1: THE DEAL

Long-time YPN friend and veteran investor Jesse Fossey Taylor of ForTheLandlords.com is opening up his purchase and refurb process to share a few of his projects as they happen with readers! We're going to follow these projects from beginning to end. Each one is current and live, so each report will span three months, which means you get the as-it-happens, warts-and-all story of a full refurbishment. Over to Jesse …

In this first instalment, I'll take you through the **BEFORE** story of a house I bought last December.

THE PROPERTY

189 Canklow

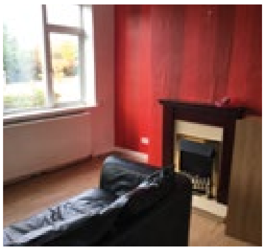
This is a three-bed, red brick and tile semi-detached house in Rotherham, sourced via an estate agent. It was a corporate sale – a repossession being sold by the mortgagor. When it first came on the market, we (ie my company) were one of the first to view but there was a hot bidding war and the house was snapped up quickly at a much higher price than we offered.

However, the sale fell through because the buyer wasn't proceeding fast enough, and the corporate seller got fed up with waiting. The agent, with whom we have a great relationship, came back to us as he knew we'd be able to get it all done and dusted quickly. I find this happens quite a lot with repossessions – we rarely buy straight away, but often pick them up after a higher bidder fails to go through with the purchase.

Purchase price:	**£51,000**
Offer agreed with previous buyer:	**ca £60,000**
Date of completion:	**19/12/19**

I'd describe this house as a standard, utility-style property, probably post-WW2 construction, the type that you see up and down the country. However, the property is in poor condition inside and out, nothing serious but in need of a full renovation.

£51,000 is a really good price, as we know people would have been prepared to pay £60,000-£65,000 for it even in this poor condition.



THE PLAN

Our plan for the property is to refurbish to add value then rent it out to a working family. I anticipate the rent being in the region of £525-£575 pm.

We'll do what I call a "bog standard strip out and refit", which means everything except the roof, so new windows, kitchen, bathroom, boiler, flooring, re-wiring and decoration.

Anticipated value after works:	**£85,000-£95,000**
Renovation estimate:	**£21,639**

Work started in January, and I'll talk through the details and cost of works in the next instalment – and also let you know if we come across anything unexpected. But on that note …

DRAMA!

The Christmas lull meant there was a quiet period before we started work. Then when our builder turned up in January, he found there had been a small fire at the house. No one had told me or anyone else anything about it, so this was a complete surprise.

Both police and fire brigade had been called, and it turns out that either the previous owner or tenant had – allegedly – revisited the house and tried to destroy the electricity meter, presumably because of some debt.

They were rather brutal and attacked it with a hammer and goodness knows what, then left it popping and fizzing away with sparks flying out of it, which set the box on the side of the wall ablaze.

It was only when the builder called to say, "I'm sure there was an electricity meter there before", and I checked back on our photos to make sure that there definitely had been, that we found out about it. I called the electricity company to get the supply turned back on and it was them who told me there had been a fire. I can't believe that no one had bothered to call the owner of the property – ie me! But there we are – in this game you have to accept that unexpected problems will crop up and I learned long ago to accept such things as being all in a day's work.

Tune in again next month for the next instalment of what happens at 189 Canklow!

In the meantime, if you're keen to learn more about these kinds of renovations, you can see an example over at www.ForTheLandlords.com/YPNhouse

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PROFESSIONALISING YOUR PROPERTY BUSINESS

By **Rupal Patel**

Business is a funny thing. Whether we're just getting started or are seasoned "veterans", many of us maintain the illusion that each situation or challenge is unique to us. We think our business is different, our experiences are the first, and our problems are ours alone. But what I've realised after starting two successful businesses from scratch is that all businesses follow a pattern. There are themes that come up consistently even if the variations are, well, varied.

Property is like retail is like tech is like consultancy is like every other industry you can name. There is supply and demand. Markets and customers. Accounting and finance. Investors and stakeholders. But for some reason, so many people in property think real estate operates outside the realm of normal business fundamentals. The thing is, it doesn't.

Whether you have one property or one hundred, your property is a business. It might be a chaotically run business, but it is a business all the same. That's why this month, I'm sharing some tips on how to run your business more professionally. It's not rocket science, but you have to commit to doing the work. Here goes ...

GET ON BOARD WITH BOARD MEETINGS

My partner and I both hate meetings for meetings' sake (scars from our former work lives!), but we also recognise the business-critical value of setting aside a dedicated time to plan our year ahead.

Even before we had an investment property to our name, we held an Annual General Meeting in January where we reviewed the previous year, noted key lessons learned, discussed how to avoid repeating any mistakes, and plotted our targets for the year ahead. We still do this every year.

> "If we fail to plan, we are planning to fail."

We then set aside time to measure progress, make course corrections, and investigate why things are, or are not, going as planned. Sometimes we readjust our targets, sometimes we readjust our tactics. None of it is complicated or difficult, but it would be so easy not to do, especially as we are our own bosses.

But the truth is, if we really want to be "bossing it" then we have to do some boss-like things and call a meeting. Even solo-preneurs can allocate a few days a year to high-level business planning, target-setting, lesson-learning, and year-reviewing. After all, *"if we fail to plan, we are planning to fail."*

TAKE YOURSELF SERIOUSLY

I don't mean becoming dark and glum; I mean conveying you mean business in everything you do. I mean talking the talk and walking the walk. I mean preparing in advance for every meeting with an agent or vendor. I mean doing your due diligence before making an offer. I mean putting together a Proceedability Pack™ to show you are ready to buy. I mean dressing smart for viewings, making eye-contact, asking good questions, and doing everything you possibly can to show you are serious about investing and serious about your (maybe-as-yet-non-existent) property business.

You might not be the biggest investor in an agent's book, but you can be just as professional. You might not be the most heavily backed investor in the area, but you can be just as prepared to fund the right deal. You might not be decades into investing, but you can be just as knowledgeable as some who are.

You can't control how people perceive you, or how seriously they take you, but you can start by taking yourself and your investing goals seriously first.

NEVER STOP LEARNING

I am the first to admit that in this era of information overload, it can be a good idea to limit how much information we consume. Ignorance can even feel like a small act of protest against the tidal wave of data hitting us day after day, and who doesn't like to be a rebel?

But if you are going to rebel, be a rebel with a cause. That means being selective about the information you let in, instead of ignoring everything. So, how can you keep learning without that cringe-y back-to-school feeling?

1. **Create a small circle of friend-preneurs in which you all share ideas, best practices, and knowledge. Fill the circle with people who are in property and at the same stage of growth as you are or just a few steps ahead and keep in touch regularly.**
2. **Find a coach or a mentor who has done what you want to do and pay them for their time and expertise. If you think education is expensive, try ignorance.**
3. **Tap into industry-specific publications, podcasts, Facebook groups, whatever your medium of choice. You've already got YPN in your hands, so for podcasts, I really like The Property Voice, Tej Talks, and The Official Property Entrepreneur.**
4. **Go to industry events, meetings, and workshops where you can meet other people doing what you're doing and learn, ask questions, and share your own knowledge.**
5. **Do a sanity-check. As with everything in life, the buck stops with you. Cross-check new insights, filter them through your BS-detector, and don't become overly reliant on any one source of information. Your brain is a powerful tool. Inform it and trust it.**

GET GOOD AT SAYING NO

I have a confession to make: I am a people-pleaser. I always have been. I was that kid in school who got gold stars and straight As and said yes to everything that was asked of me. Old habits die hard.

But a few years ago, I read an article that blew my mind. In it the author said that if a task or activity didn't **directly** support a personal or professional goal, then it wasn't just okay to say no, it was essential. It was like someone had punched me in the face. I could say no!?! People did that?!? It is no exaggeration to say that moment was a revelation.

Because the thing all of us yes-addicts have to accept is that we have real constraints on our time, energy and resources, so we need to be careful about how, where, and with whom we allocate them. Without boundaries in place, we can bleed ourselves dry. Without boundaries in place, we can lose focus and discipline. Without boundaries in place, we can end up following other people's agendas. And that's not very boss-like of us, now is it?

Make a list of what you will say no to (no mid-week coffees just because, no meetings without an agenda…), write down the boundaries you will put in place (no work calls after 6pm, no social calls during work time…), and decide what amount of no is right for you. You don't have to say no to everything, just be a bit more thoughtful before you say yes to anything. It won't be easy, but it's pretty darn simple.

ALWAYS TRY TO IMPROVE

When we first started our property business, we did things as best as we could. I look back on the photos of our first few renovations and smile because what we did then is a far cry from what we do now. It's not that it was ever bad, it's just that as our business grew, as our resources grew and as we grew, our standards and execution grew and improved with us.

You can only work with what you have at any given moment. Then, when you have a little bit more, you can do a little bit more. When you've learned a little bit more, you can improve a little bit more.

It is so easy to get stuck in the mindset of *"It worked well before so I'm not going to change."* But even if you don't change, your world will change around you. Your market will change, your competitors will change, your tenant's expectations will change, best practices will change, industry benchmarks will change … it will all change, change, change and change some more.

You don't have to blindly follow every change or trend, but you do need to have the strength to admit when there might be a better way. Your business is not a finished product. It is not something that you birth and then leave alone. There is almost always room for improvement, for updating, for more (or less), or simply, for better.

Reflect on what might need changing. Get even just 1% better. And then try, try, and try again to improve as best you can, as often as you can.

Will any of these things professionalise your property business overnight? Of course not. But doing the right things consistently over time will. Take what works for you, and scrap the rest. But whatever you do, however you do it, start treating your property business like a business, the way a professional would.

If you're interested in joining my Mentoring Circle, please get in touch. You can always drop me a line at rupal@blueinfinityproperty.com or book a call with me through our website: www.blueinfinityproperty.com

DAMPNESS IN RESIDENTIAL PROPERTY – PART 3

By Stuart Hallworth

CONDENSATION

WHAT IS CONDENSATION?

As a landlord, the chances are you will have encountered the problem of condensation in one form or another. You may have been on the receiving end of a complaint about dampness, when the cause was not a defect with the building, but condensation.

Most of us will associate the formation of condensation with the inside faces of window panes during the winter, but it will form on any cold surface including ceilings, walls, furnishings and other objects.

Naturally, air contains moisture in the form of vapour, which will condense into liquid form (ie water) on a surface that has a temperature below a certain point, called the 'dew point'. The colder the surface is, the greater the likelihood that condensation will form. Likewise, the more vapour the air contains, the greater the amount of condensation will be produced.

So, applying this principle to a residential dwelling, if the interior is inadequately heated, the internal surfaces and objects therein will be cold and vulnerable to becoming damp from condensation. When warm moist air is produced from normal activities such as cooking, boiling a kettle, showering/bathing, ironing/drying clothes etc, it will condense on any surface with a temperature below the dew point, which could mean most of the ceilings, walls and some of the contents. Bathrooms and kitchens are the rooms most likely to suffer condensation problems. Bedrooms can also be a problem, as they are often colder by preference and a lot of warm moist air is expelled during normal respiration during the night. The more people there are in the room, the greater the chance that a condensation problem will develop.

Temperature isn't the only thing that has a bearing on when and how condensation forms. Another important factor is ventilation. The better the air circulation, the less of a chance that condensation will form. Conversely, when air circulation is poor, the risk of condensation is greater. In terms of a residential dwelling, not opening windows, blocking up vents and over filling cupboards and recesses all contribute to condensation problems.

A third consideration is insulation, but this is usually the responsibility of the landlord and is discussed later.

WHY CONDENSATION CAN BE A SERIOUS PROBLEM

Often, condensation alone is not visible to the naked eye, but it is usually followed by the growth of black mould. This is clearly visible and not only is it unsightly, it contains spores, which can be toxic. You've probably walked into a room and experienced a mouldy aroma in the air. This is an unhealthy climate. Mould also causes damage to decorated surfaces and perishable possessions. Tenants usually complain and nearly always blame the problem on leaks and other defects with the house. Sometimes complaints escalate and the local authority gets involved, which creates stress and takes up your time. In severe cases, tenants suffer ill health and landlords can find themselves in trouble.

"You've probably walked into a room and experienced a mouldy aroma in the air. This is an unhealthy climate"

Generally speaking, where you see mould, condensation is the cause. However, mould can also appear on surfaces that have become damp from other sources, if the dampness has reduced the temperature of the affected area to below the dew point. Check back to last month's article for a discussion of the various sources of penetrating damp.

DIFFICULTIES IN GETTING TENANT CO-OPERATION

One way you can demonstrate the presence of condensation to a tenant is to fill a glass from the cold tap and watch the water droplets gather on the outside of the glass. That can't be disputed.

When tenants have a limited budget, they automatically live in a frugal manner to avoid spending money if they don't have to. Unfortunately, this can feed condensation problems. Typical tenant behaviour that causes condensation include:

(a) **only heating the dwelling for a short period each day**
(b) **leaving part of the dwelling unheated**
(c) **turning off fans**
(d) **not opening windows in kitchens, bathrooms and bedrooms**
(e) **drying clothes on radiators**
(f) **excessive clutter**

In addition, the use of portable heaters operating with liquefied petroleum gas (LPG) bottles produce huge quantities of air borne moisture, as does operating a tumble dryer which is not vented to the exterior. Aquariums can also increase the moisture content of the air.

Getting the tenant to change their lifestyle can be impossible when they are automatically programmed to save money by limiting their use of the heating system and conserving heat by keeping all windows closed. This is why student houses and HMOs tend to be especially prone to condensation problems. Dealing with the problem can be an ongoing battle.

In a single occupancy house, it is usually easier to gain the tenant's understanding and get condensation under control. You could install fans and vents in the kitchens and bathrooms, but can you stop tenants from turning them off/blocking them up? There are sophisticated fans available that cannot be turned off and are capable of detecting air borne moisture and modifying their speed accordingly. These are usually effective and demonstrate that the landlord has taken action. You can also install a positive ventilation system that blows air into the dwelling, increasing the air pressure within and forcing the moist air out via pre-existing gaps in the structure. These are less effective if parts of the building are closed off. All these devices tend to be expensive.

Sometimes, no matter what you do as a landlord, condensation and mould problems persist. If you'd like an information leaflet to help you with discussions with tenants about condensation, I have written one called *"Avoiding Condensation for Tenants"*. It is free for you to download from the link at the end.

WHEN IT ISN'T THE TENANT'S FAULT

If you saw my article in last month's YPN, you'll recall reading that older houses are more prone to dampness than modern ones, by nature of their construction. Older houses contain many inherently cold spots, which behave as condensation traps, so even if there is a good balance between heating and ventilation, condensation and mould may still be a problem. Examples of inherent cold spots include:

- **(a) ceilings adjoining gaps in loft insulation**
- **(b) sloping ceilings adjoining roofs**
- **(c) uninsulated flat roofs**
- **(d) thin external walls**
- **(e) gaps in external wall insulation**

These will all require some action on behalf of the landlord. I'll examine each in turn.

(a) Inadequate loft insulation

If the loft insulation is of the recommended thickness of 270mm and laid uniformly across the ceilings, there should not be any cold spots on the ceilings of the rooms below. Wherever there is a gap, or a thinner area, the temperature on the surface of the ceiling will be colder and if below the dew point, condensation and mould will appear.

The remedy is simple and straightforward. Install additional insulation where necessary. Be careful, as disturbing old insulation can be harmful to health. Never fit insulation beneath a water tank, otherwise you'll have increased the risk of freezing and bursting in winter. Finally, take care not to block any roof ventilation, otherwise the risk of condensation in the roof space itself increases.

(b) Sloping ceilings adjoining roofs

What if part of the top floor living accommodation directly adjoins the roof and has a sloping ceiling? In older properties, it is unlikely that there will be any insulation between the ceiling and external roof covering, hence there will be large heat losses and a likelihood that condensation and mould will appear on the ceiling surface. Dealing with this scenario is more difficult, as it will involve taking down the ceilings and reinstating once suitable insulation has been fixed in position. This is a disruptive and messy job, but if the roof needs recovering, there will be an opportunity to insert or upgrade insulation from the outside.

(c) Uninsulated flat roofs

Modern flat roofs should incorporate insulation to restrict heat loss. They should also be vented, so that air can blow through the roof structure, to prevent condensation forming in the cold spaces between the joists, leading to decay. An older flat roof may not have these features. Carrying out improvements will involve opening up the roof, which is awkward and disruptive, therefore is best done as part of roof renewal works.

(d) Thin external walls

Last month, I introduced you to the problem of dampness associated with single skin walls. Any wall less than 225mm in thickness may be 'single skin' and substandard. They are very common in older properties, for example, upper parts of bay windows, side walls to internal passages and entrance recesses, converted outbuildings and sometimes whole gable end walls.

Their slender thickness means that they perform badly in terms of heat retention and the inside face of the wall will be cold and attractive to condensation. The remedy involves thickening out the wall incorporating insulation, to that the internal face remains above the dew point. Plastering and redecoration will be needed as part of this work. Sometimes areas of single skin masonry are very small, such as within arches above door openings and around the edges of windows. These areas are easier to upgrade.

(e) Gaps in external wall insulation

Were you one of the landlords who took advantage of the Green Deal and had external insulation fitted? In principle it is a sound way of improving thermal resistance and reducing condensation. However, it only works properly if there is uniform coverage. In most of the examples I've seen, there are gaps and poorly designed joints and edges. Any gap in the insulation means that there will be a cold spot on the inside, where heat will be lost, condensation will form and mould will appear.

Examples of gaps include: around downpipes, soil and vent pipes, gas pipes, meter boxes, boiler flues, flashings and garden fence or wall abutments. Often the bottom edge of the insulation is finished above the internal floor level leaving a cold gap around the bottom of the ground floor rooms. The same is true at ceiling level in the top floor rooms if the top edge is finished under gutters, brick embellishment or other features. If you're buying a property with external insulation, check the quality of the installation work carefully. Correcting these problems later is difficult and expensive.

Inadequate jointing of the insulation at the edges of gable end roofs and around window sills is another problem. Over time, it is probable that the need for modifications will become widespread.

CONDENSATION AND DAMAGE TO THE BUILDING

Poorly ventilated areas are also vulnerable to condensation. Most houses have inaccessible voids or other spaces that are unheated and forgotten, but these are also condensation traps. Common ones include:

(a) disused chimney flues

(b) sub-floor voids and cellars

(c) roof spaces

(d) spaces under stairs

(e) cupboards adjoining external walls

(a) Disused chimney flues

The inside of a disused chimney flue is an unheated space, hence it will be colder than the temperature of the adjoining rooms. Condensation often forms on the inside of the flue, which in bad cases, can penetrate right through the masonry, resulting in dampness on the chimney breasts. The moisture may be contaminated by sulphate rich deposits from the soot inside the flue. These behave in a similar way to salts drawn up from the ground (in rising dampness), so damp remains, even after the source has been dealt with.

Higher regions of the flues are closer to the chimney stacks, where the air is coldest, increasing the chance of condensation and dampness to chimney breasts close to ceiling level in the top floor rooms. In this location, it may be difficult to determine if the cause of the damp is condensation or penetrating dampness from the stacks, as described last month. Condensate water can also trickle down to the base of the flues, leading to a worse damp problem at the base of the chimney breasts.

To reduce the likelihood of condensation forming within a disused chimney flue, you need good air circulation inside the flue. Inserting an air vent in the face of the chimney breast is usually adequate. Avoid using ventilation grilles that can be closed up manually and replace any that have become congested by paint or debris.

You should also check the chimney stack on the outside. If there are pots present, there is a good chance that they remain open at the top, therefore are freely vented. However, this also means that rainwater can enter the flue, which can lead to further damp problems. Pots can be changed for a special type that are open to the side, which prevents rain entering. If the chimney has been capped, then vents are also needed at the heads of the flues to permit air to circulate.

(b) Sub-floor voids and cellars

If any ground floor rooms in a dwelling have suspended timber floors, there will be a void underneath, which like a chimney flue, is unheated and cold. Condensation will form on the hidden surfaces beneath the floorboards. The consequences can be very serious, as the conditions are suitable for the development of dry rot, which can be devastating and the cost of dealing with it can be enormous. Cellars are also vulnerable to condensation and decay unless adequately ventilated.

Check for sub-floor vents on the outside of the building. Are they positioned so that air can blow through from one side to the other? Are they clear of mastic sealant, spiders' webs and other debris? Are they obstructed by high ground levels, steps or dense vegetation? Has a conservatory or extension been built over the vents? If the answer to any of these questions is yes, then improvement is required. Often, terraced houses only have a timber floor at the front, without any form of ventilation ducting through the adjoining solid floor on the rear side. This means that air circulation is restricted and amounts to an inherent design defect.

Even if provision of sub-floor ventilation appears satisfactory, always stamp on timber ground floors. Do they feel firm or do they bounce or spring? Any movement is a symptom of possible decay of the floor structure. There are other causes too, but decay is the most serious. If the condition of the sub-floor timbers is suspect, a closer inspection is needed, involving lifting the floorboards.

(c) Roof spaces

The roof space is another unheated part of the dwelling. Older houses without underlay beneath the tiles or slates were naturally draughty, therefore did not attract condensation. However, for a few decades after the introduction of underlay, roof spaces became largely unvented, and vulnerable to condensation, especially during the cold winter months. Any warm, moist air finding its way into the roof space through gaps in ceilings and especially around the loft access hatch will condense on the cold surfaces, leading to dampness and in severe cases, decay of the timbers.

The thicker the insulation across the tops of the ceilings, the colder the loft will be and the greater the risk of condensation. The risk is managed by inserting vents at eaves and higher level to allow air to blow through. Loft hatches located in bathrooms are inappropriate and ought to be relocated. If there are ceiling fans, check the ducts regularly, as warm moist air from disconnected ducts simply propels the harmful moist air straight where you don't need it!

(d) Spaces under stairs

Enclosed understairs cupboards are usually always cold. Those that are accessible often get filled with stored items, which can severely restrict air circulation. This is another condensation trap. The worst kind are fully enclosed and inaccessible stair voids. Any condensation damage is hidden, leaving the stairs themselves exposed to possible decay, with potentially serious consequences. Check for vents in stair voids. If there are none, ventilation should be improved.

(e) Cupboards adjoining external walls

Older properties often have meter cupboards fitted against external walls and sometimes the cupboard is recessed into the wall, creating another cold and unvented space. Always open the doors and check inside.

These cupboards can harbour damp, serious decay and insect infestations.

Don't forget about the fitted kitchen units and bedroom furniture. There is often a gap behind a kitchen cupboard, but how well does the air circulate? Cupboards fitted in bedrooms can present a more serious problem. When located against an external wall, the interiors become cold and being full of personal items, air circulation is poor. Mould growth can destroy a tenant's clothes, shoes and other belongings. If you are considering installing any kind of built-in furniture, it's best to fit against the internal walls and leave the external ones as clear as possible. If you are buying a house that already has built-in fittings against external walls, consider relocating or removing altogether. It may save you a headache in the longer term.

I've produced an information leaflet called "Avoiding Condensation for Landlords" to summarise how features of their property can be prone to condensation. You can download a free copy, together with the leaflet for tenants, from this link: http://tiny.cc/avoiding_condensation

MARCH ARTICLE UPDATE

Please note that the link published with Stuart's article in the March issue was incorrect. The correct link for the "Dampness and Condensation in Residential Property" ebook offer is:

http://tiny.cc/dacirp_ebook

WHAT NEXT?

Dampness is just one of many issues affecting property and it is not the worst. What about structural movement, timber decay and Japanese Knotweed (to mention a few more?)

Stuart would like to show you how to inspect houses and find the defects like a surveyor does. It's an important skill for any landlord, property buyer or property sourcer to have. Just think about being able to have enhanced understanding of the condition of properties at the viewing stage, negotiate better deals and reduce the risk of buying a property that causes lots of problems later. If that sounds interesting to you, let Stuart know by sending a note of your name and e-mail address. Just click on the link, enter your details and Stuart will be back in touch.

http://tiny.cc/house_survey_education

ABOUT STUART

Stuart has been professionally involved in property for 30 years and has carried out surveys of houses for the last 20 years. He is a self-employed chartered surveyor, whose practice is regulated by RICS. He is also an author of numerous other publications covering aspects of surveying buildings and later this year will be launching a house survey course for those wanting to understand what a surveyor does and be able to implement those skills themselves.

YPN

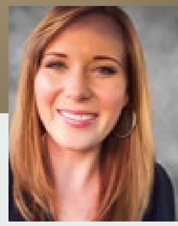
TOTAL DEVELOPMENT

BRAND NEW PROGRAMME

Started February 2020

With **Martin Rapley** and other expert property development panellists.

Hosted by **Michelle Cairns**



TIRED OF DEALING WITH BUILDERS WHO DON'T UNDERSTAND WHAT YOU ARE TRYING TO ACHIEVE?

ALWAYS WANTED TO DO A DEVELOPMENT PROJECT BUT NOT SURE WHERE TO START?

LOOKING TO ADD VALUE TO A PROJECT BUT WANT THE CONFIDENCE TO CHOOSE THE RIGHT ONE?

Development and refurbishment are an integral part of most property strategies. However many new investors do not have a construction background and can easily be put off by the unknown costs and risk for projects to go wrong.

Understanding the basics of development is key to ensuring you keep your hard-earned profit and will give you the confidence to scale up your portfolio.

There are many areas that fall under the umbrella of 'Development' but our programme will guide you through the minefield of options and provide you with the support and knowledge you need to maximise your success.

Whether you are stepping up from a lick of paint and replacing carpet or venturing out to more profitable and challenging sites, we will be covering all the issues you face in your projects; how to spot them, how to solve them and an idea of the costs involved. Here are just some of them!

- **Damp**
- **Structural issues**
- **Adding value through development strategies**
- **Dry rot**
- **Japanese knotweed**
- **Cracks in the walls**
- **Working with builders and trades**

Do these challenges put you off starting your next project? You don't have to wait any longer, now is your chance to get started!

Making money from development projects means understanding your numbers, managing your team and your time and having the confidence to take a leap of faith and try something new. With the right support and knowledge you can go after the projects you've always wanted to try!

If you want to REALLY understand the opportunities, the costs and the realities of development projects, then TOTAL Development is for you!

TOTAL Development consists of fortnightly webinars with experts, advisors and active investors in this area. These sessions will cover what you need to know, along with deep-dive interviews with investors who are willing to bare all about their projects to reveal the nitty-gritty of the business. Not just the highs but also the lows so you can learn from their mistakes.

Members will also have access to a private Facebook group where you can discuss all things Development, pose your questions to the experts and get access to the full webinar library.

TOTAL Development live webinars run twice a month, on the 1st and 3rd Wednesday of the month at 8pm. Our recent interviews feature case studies with Dick and Peter Dabner, Billy Turriff and Martin Rapley. We cover the key areas to consider when looking for your next project, including appraisals, feasibility and the fundamentals.

Make your development projects a TOTAL success! Join us today at www.yourpropertynetwork.co.uk/Totaldev

WHAT WILL YOU DISCOVER?

Here's a taster ...

The best development projects to start out with.

What properties have the best floor plan, scope for development and best opportunities to add value.

Inspirational case studies.

Investors will be sharing details of their deals – purchased and lease options – from 3 bed to 6 bed conversions, blocks of flats and commercial to residential.

Working with trades.

How to give yourself the best chance to work well with tradespeople. Set yourself up to win.

Finance and funding.

How can you fund your development projects? What are the potential tax savings? Working with JV partners

Easy ways to make add value in auctions properties.

What problems to look out for in auctions that you can solve with the right team.

As well as **creating a schedule of works**, **project managing**, **permitted development**, **planning gain** and lots, lots more!

Webinars are hosted by YPN team member **Michelle Cairns** and development and refurbishment specialist **Martin Rapley**.

Join **YPN TOTAL DEVELOPMENT** at **www.yourpropertynetwork.co.uk/Totaldev** to make your next development project a **TOTAL** success.

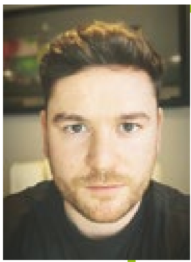
GOING GREEN

WHY USE GAS WHEN YOU CAN USE AIR?

Interview & Words: **Heidi Moment**

Generating heat from a free and renewable source sounds like a no brainer. So why aren't more of us doing it?

Experienced sustainable new build developer, Brad McCouid, answers our questions about this under-utilised renewable resource.



"The construction industry as a whole, accounts for 30% to 40% of the world's energy usage and creates 30% to 40% of the whole world's CO_2 emissions and 3 billion tonnes worth of carbon monoxide per year"

Can we create heat from air?

Yes, heat can be created from air using an **air source heat pump**. These pumps are designed to replace oil, gas or LPG, providing the heating and hot water for your property, without the need to use fossil fuels. An air source heat pump replaces the gas heating system or works in conjunction with the current system to make it more energy efficient.

The pump itself somewhat resembles a fridge/air conditioning hybrid. They come in different sizes depending on the heat and consumption requirements. The bigger the property, the bigger the pump required. Depending on the size you need, the pump can be situated internally in a cupboard (like a boiler) or externally like an air-con unit. Or you can house it in a specially built shed in the garden if you prefer it to be out of the way.

You also need a specifically designed hot water cylinder, which stores the water that is then heated by the air brought in by the pump. These cylinders are much more efficient than the traditional water tanks you might be familiar with. Traditional tanks are inefficient as they get cold quickly, meaning the boiler is consistently trying to heat the same thing over and over again. These tanks are much better insulated so keep the water hotter for longer. It's also possible to fit an immersion heater as a back up in case there's ever an error, so the household doesn't have to do without hot water.

How does it work?

It works like a fridge **BUT** in reverse, taking in the 'hot' air from the atmosphere (anything above -20 degrees centigrade is classed as hot). Then the evaporator inside the unit, which contains the liquid refrigerant, compresses the air into a gas, using the integrated driven compressor. The gas is then forced through a small tube, which causes the temperature to increase significantly. This hot gas is then used to heat up the water.

How efficient is it?

The efficiency of the unit depends on how thermally efficient and airtight your house is. Old brick built houses tend to have draughts, through which heat can escape. People tend to whack the heating up higher to avoid their houses getting cold, but this is counterproductive, wastes energy and just masks the real issue that the thermal efficiency of the building is low.

Making a property airtight, by following good practices of construction and taking measures to quality control each individual aspect of the build, can significantly reduce the amount of energy used. This reduces consumption and bills.

An airtight house will have little natural airflow or air leakage, so it's necessary to install a mechanical heat recovery system, which is basically a ventilation system. We use MiB units. The air source heat pump takes in clean air from the outside, purifies it and then the MiB unit circulates it around the house. So you've got constant flow of moving air through the property.

"Purified air circulating around the house creates a healthier environment to live in"

The great thing with this is that the air circulating through the house is much cleaner than the air outside, so it creates a much healthier environment to live in, especially in cities like London where the air outside can be quite polluted.

The other bonus with this is that because you've got clean air moving around the property at all times, it completely reduces the amount of condensation and mould that can build up, so it's great for rental properties.

What brand of pump do you use and who fits it?

We use a Samsung ASHP pump, as we find these to be the best in their field and they aren't overly complicated to use. Expert Energy are based locally to us. They provide an entire package - SAP calculations, building regulations requirements and compliance, extractor testing, under floor heating layouts and installation. They also provide an EPC on completion.

How much maintenance do these units need?

It's not like with gas where landlords are required to obtain a gas safety certificate every 12 months. With Xpert Energy you get a service after the first year, which is free. Then you need to service the pump and the mechanical heat recovery system every three or four years.

You also get an 11-year warranty from the installer and 20-year warranty from the manufacturer, so if anything ever goes wrong they'll come out and fix it or replace the faulty part(s) under warranty.

If something goes wrong in between services, we just call Xpert Energy to come and fix the problem. But any heating engineer who is qualified to work with air source heat pumps is more than capable of maintaining it.

How much does it cost?

The initial cost to put in an air source heat pump and mechanical heat recovery system is slightly higher than a normal gas central heating system. But it balances out over time, with the savings you make on the running costs and the Renewable Heat Incentive (RHI) you get from the government.

The RHI is based on the installation cost and is paid back to you over a period of six to seven years. For a standard three-bedroom house this is usually in the region of £80 per month speculative.

When it comes to running costs, using this type of energy to heat your house can give you significant savings, compared to a gas or oil fired boiler. Due to the airtightness of the property, air and heat is unable to escape, so you can set the temperature to an ambient temperature of 21° and the property will stay at that temperature. The pump is low running, so your consumption is low, which reduces the need for the heat pump to work overtime and keeps your bills low.

"Air source heat reduces your CO_2 omissions by up to 40% compared to gas in a new build properties"

CASE STUDY WESTMINSTER MEWS

The development includes 13 houses and five apartments, all built with timber frame construction and using air source heat pumps as the primary source of heating.

No concrete

We avoid using concrete as much as possible, due to the extremely damaging effect it has on the environment. Instead we choose to use timber frame construction, where timber is used to build the internal skin (instead of concrete or breeze blocks). We then cover the timber frame with a brick façade or render, or both depending on the desired aesthetic.

We choose timber because it's better for the environment, is ethically sourced and is also renewable. Every time a tree is cut down, another one is planted. So building with timber is not only more sustainable, it also helps us to reduce our carbon footprint, which is hugely important now and in the years to come.

The timber frame/SIPS are ready-made panels, made off-site. Once the foundations have been laid, the panels are delivered to site and bolted together. It's quick and easy.

Biggest benefits of using timber frame construction:

- **Ethically sourced**
- **The lowest CO_2 to cost that you can ever use**
- **Quick and easy to build, which makes it more efficient in the build process AND could save you money**
- **Great insulation values (u-values)**

The frame for a three- or four-bedroom house takes about a week to be manufactured, and can be up within four or five days, which is significantly quicker than a traditionally built house. This type of construction is also great because the bad weather doesn't affect it very much. You won't find yourself waiting for bricklayers or delayed due to inclement weather.

The planning department usually specify certain rules regarding the exterior of the house, as it has to be 'in keeping with the local area'. So we always plan to make our houses complement those in the area, so as to get planning through quicker.

Insulation

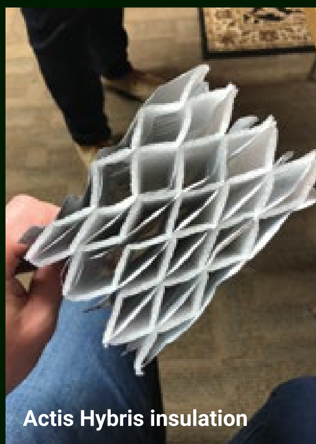
Traditionally built houses use rock wool or polyurethane boards such as Celotex or Kingspan for insulation, but the way in which these products are made is very damaging to the environment, so we try to limit how much we use them. Instead we use a product called Actis Hybris Insulation, which is based on a honeycomb design. It's a 50-205mm deep flat flexible panel, built from foil in a honeycomb effect that looks a bit like an accordion if you pull it apart. It's great for long-lasting airtightness, thermal and acoustic values, and we benefit from great cost savings on installation time and labour etc due to its ease of application and installation.

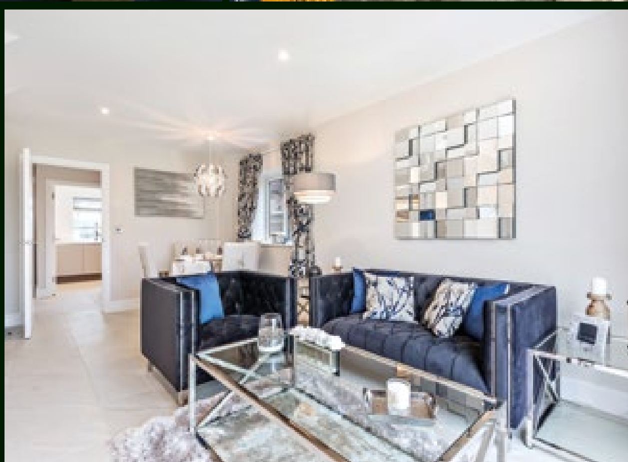
Using this with the timber frame allows us to build a house that's thermally efficient and airtight with a U-value of between 0.25 and 0.3. We're not quite Passiv Haus standards but we're not far off.

Heating with air

The primary source of heating is external air source heat pumps and under floor heating throughout. We try to minimise the amount of radiators we use - all of our new builds have no radiators. The main source of heat is under floor heating controlled in each room for ease, efficiency and comfort. We tend to use a towel rail in the bathrooms as well as under floor heating, just for comfort.


Underfloor heating


Actis Hybris insulation



So, why use gas when you can use air?

It's a good question. Air source heat pumps not only generate heat from a free resource, they also create healthier environments to live in. Will you consider using this type of energy on your next project?

CONTACT

If you want to know more about Brad's new builds or you're interested in investment opportunities, you can contact Brad at:

bradmaverickproperties.co.uk

brad@bradmaverickproperties.co.uk

YPN SAYS

If you've used an air source heat pump in an existing property or you've got a story to share about a green project you're working on, please get in touch at **heidi@yourpropertynetwork.co.uk**

WILL YOU EVER BE FINANCIALLY FREE?

ARSH ELLAHI

Hi Arsh,

I've recently encountered a problem. I bought into the whole financial freedom dream but as I got into property, I found myself trading one job for another. I'm working hard buying property and am taking on more debt – I'm wondering if this is another rat race?

Can you help me with these anxious thoughts?

Mr T, Birmingham

What an interesting question! Thank you, Mr T, for asking it.

First of all, let me congratulate you and welcome you into the world of property. It is a weird and wonderful place, but also a very rewarding one if you treat it correctly. Allow me to elaborate on that …

You mentioned that you just left your job to get involved in property. I hate to burst your bubble, but property is extremely hard work, especially in the early days. It takes years to get to a position where, I believe, you can take your foot off the gas and reap the rewards.

The one thing I should mention is that, by leaving your job, you have started the journey of making money for yourself as opposed for someone else. Therefore, the hard work you put in now will benefit you and your family in the years to come. I have been in property for 20 years, and I can honestly say that it took approximately 15 years to get to a point where I could really see the fruits of my labour.

I now have multiple property businesses which provide me with passive income. However, the build-up to this position consisted of:

- **Working days, nights and weekends**
- **Missing some family events**
- **Putting together a strong power team**
- **Refining said power team**
- **Putting in place systems and structures**
- **Researching areas, properties and strategies**
- **Researching finance structures**
- **The minefield of tenants**

WHERE IS THIS ALL GOING?

Well, I want to reassure you that I completely appreciate the pain that you must be feeling. Buying property where you take on lending or leverage can be daunting, as you are now responsible for another debt, regardless of whether the property is occupied or not. There will be times when the property is unoccupied and the mortgage payments may be coming out of your own pocket. So what can we do about this?

Set yourself three separate goals

- **Short-term goals (six-12 months)**
- **Medium-term goals (12-36 months)**
- **Long-term goals (36-60+ months)**

Ask yourself where you would like to see yourself within these periods, and set your business targets accordingly.

At the brink of bust in 2008, I really had to sit down and work on these goals. My situation meant that I was starting from scratch, but having three period goals allowed me to focus and build the business from the ground up.

These were my goals:

SHORT-TERM GOAL
BUILD CASHFLOW BUSINESSES

This needed to be a vehicle that produced cashflow immediately. After all, without any form of monthly cashflow, the business wouldn't survive. So in 2008, I went back to the grass roots and started a letting agency, without a penny (other than a laptop and the use of internet). We simply managed other people's properties and gave them a net rent (but not guaranteed). Anything we achieved in excess was our commission. We took on properties quickly and soon built a monthly cashflow in excess of £2,000. I didn't pay myself for approximately two years and kept all spending to a minimum to give the business a fighting chance to get off the ground.

It developed further into a larger business model, but ultimately it put us in contact with property owners. We pitched to either purchase their properties or to take them on a rent-to-rent basis.

It allowed me to create a business so we could move on to the …

MEDIUM-TERM GOAL
CREATE SUSTAINABLE BUSINESSES

The cashflow from my short-term goal allowed me to start doing some small refurb projects, such as turning two-bed properties into the three-bed and sell them on. We also started looking at options on development sites, where we were able to get planning permission on the land and then sell the sites on at a profit.

This started to bring in slightly larger chunks of cash. For example, in Wolverhampton we managed to agree on an option for a piece of land with the owner. We applied for and were granted planning permission, and sold it for a much higher price as a result of the development opportunity. This worked extremely well, as we:

- **Did not own the land and simply had an option on it, all secured via solicitors**
- **Did a JV with the architect, who didn't charge for the drawings and professional fees, but took a percentage of the uplift**

In the background, the letting agency continued to grow, allowing us more free time. Also, cashflow from both the short and medium-term strategies was increasing as the systems we were setting up started to fall into place.

LONG-TERM GOAL
BUILD FOR THE FUTURE

Cashflow from the short and medium-term strategies had allowed me to build sufficient funds to purchase properties for the long term, ie our pension pots. To date, we have approximately 1,100 tenants in over 100 properties, and this continues to grow as a result of our plans above.

I have also built other property-related businesses that took a short amount of time (one year) that continue to pay me without any further input. As I write this, I have very little, if any, input into the lettings businesses or the properties, as they run themselves with the infrastructures I have created.

So there we have it. Mr T, as you can see, it isn't always easy but persistence is the key. I firmly believe that winners do not quit and quitters do not win.

Create your three strategies and stick to them. Define and visualise where you would like to be within one year, three years and five years from now and start working towards those goals. There will be plenty of days where things won't go your way and you will question whether you're on the right path. I can assure you that this is perfectly normal, and there is always light at the end of the tunnel.

Meanwhile, I can finally report that I believe I am financially free. My problem is that I refuse to stop and keep building businesses that keep me occupied. My current venture is the Property Investor App – the UK's first property investment mobile app.

Please feel free to download it by searching 'Property Investor' in your mobile app store or visit: www.propertyinvestorapp.co.uk

I wish you every success!

If you have a question you would like me to answer in next month's article, please email me: **arsh@arshellahi.com** and I'll aim to answer as many as I can over the coming months.

CONTACT

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Facebook Page	www.facebook.com/ArshEllahi123
Instagram	www.instagram.com/arshellahi
Youtube	www.youtube.com/c/ArshEllahi
Linkedin	www.linkedin.com/in/arshellahi
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Finally, to get access to all my updates and whereabouts, please sign up to my weekly newsletter at **www.arshellahi.com**

BY CHRIS WORTHINGTON

THE BUY-TO-LET MARKET OVERVIEW

SHORT-TERM LETTING

This month (as at March 2020) the market overview will focus on a sector of the market that has been much in the news and is growing fast – short-term tenancies and holiday lets. This has been driven a flourishing staycation market, demand for short breaks and a continuing growth in inbound tourism.

A recent report from the UK Short-term Accommodation Association (STAA) highlighted the advantages for investors in short-term and holiday lets and people who rent out their own home for short periods.

- If your total annual rental income is less than £1,000 you do not have to declare it to HMRC.
- You can earn up to £7,500 a year from renting out a room in your home for short periods without having to pay any tax.
- In England if your home is rented out for less than 140 nights you will continue to pay just council tax. It you rent it out for more than 140 nights you will be liable for business rates. In Wales you will liable for business rates if it is available for 140 days and let for more than 70 days.

There are other tax benefits available for owners of holiday let properties. A recent report from holiday home developers Spot Blue noted that furnished holiday lets in the UK are treated as businesses and attract capital allowances while most of the running costs are tax deductible.

In recent years the growth of this sector has been nothing short of phenomenal. Here are some relevant statistics from a report published by ARLA (the Association of Residential Letting Agents) in partnership with research consultancy Capital Economics:

- **16% of adults in the UK have let out all or part of their property at least once in the last two years.**
- **4.5 million properties, the equivalent of 19% of the UK's housing stock, have been used for short-term lets.**
- **16% of landlords offer only short-term lets and a further 7% offer short-term and long-term lets. 2.7% of landlords have switched from long-term tenancies to short-term lets equating to 46,000 properties.**
- **38% of landlords cited the changes in tax relief and more burdensome regulations in the long-term letting market as the main reasons for switching. 27% said that they expected to achieve higher rents from short-term lets.**

The average annual income from Airbnb varies substantially by location with the most popular locations in London, Scotland, the South East and the South West. London has the highest potential monthly earnings at £3,000 followed by Edinburgh (£1,500), Manchester (£1,500) and Bristol (£1,400). However it should be noted that the variations by location are driven by local factors such as very high rents in central London and the boost to Airbnb lettings from the Edinburgh festival.

> "The rapid rise of holiday lets has caused some local authorities to begin to develop a more regulated environment for the sector."

The rapid rise of holiday lets has caused some local authorities to begin to develop a more regulated environment for the sector. The Scottish government is planning legislation to enable local authorities to introduce a licensing scheme for short lets and to establish designated areas where planning permission will be required before properties can be rented out. The scheme will also set safety requirements for short-term lets and conditions for a licence may include dealing with litter and preventing overcrowding.

In my home city of Bristol the council is also moving in the direction of tighter regulation and has endorsed a motion to regulate accommodation by owner occupiers. Cllr Estella Tincknell commented that *"Airbnb properties are not subject to planning, not registered as hotels, not inspected for safety and do not pay business rates or VAT."*

There is also some concern in the lettings industry. ARLA has issued a series of recommendations to limit the impact of short-terms lets, including measures to level the regulatory requirements and taxation for short-term and long-term lets; and also to consider introducing limits on short-term letting in areas where there is a demonstrable impact on the supply of property in the private rented sector on long-term lets.

I have had some personal experience of the problems that might arise from holiday lets. I own a flat in a house that has been converted to five flats near the city centre. One of the other flat owners decided to rent his flat out as a holiday let. The first problems to emerge were litter from takeaway meals and late-night noise. This led to a complaint from my tenants that I passed on the freeholder. She informed me that a holiday let would directly contravene the terms of the lease and the insurance policy for the building. Fortunately the owner of the apartment reverted back to a conventional assured shorthold tenancy and we managed to avoid taking it court!

There is no doubt that short-term lets can produce higher incomes compared with assured shorthold tenancies. However before venturing into it BTL investors need to do their homework.

- **First up, find out if your lease, insurance policy and mortgage company will permit it, and if a licensing scheme is being introduced by the local authority.**
- **Second, investigate the local market. Is it a good location for holiday lets, how much local competition is there and what is the going rate per night?**
- **Then do the maths, taking into account how many days per year it is likely to be let.**
- **Finally don't forget that the management of a short-term let is much more intensive that a conventional assured shorthold tenancy.**

Chris Worthington is an economist with 20 years of experience in local economic development. You can contact him via email on chrisworthington32@yahoo.com

ARE YOU ABOUT TO OVERPAY SDLT ON YOUR NEXT PROPERTY INVESTMENT PURCHASE?

By property tax specialist **Simon Misiewicz FCCA, MBA**

We are seeing an increasing number of clients that are simply overpaying Stamp Duty Land Tax (SDLT) when they are buying property investments.

Here are some examples of when SDLT banded rates may be decreased and the 3% SDLT higher rates removed altogether.

BUYING A PROPERTY THAT IS UNINHABITABLE

Thanks to the PN Bewley Ltd v HMRC TC06951 case, we now know that the 3% SDLT higher rate does not apply to properties that are uninhabitable.

PN Bewley Ltd purchased a bungalow described as derelict and in poor internal condition for £200,000. They filed the land-transaction return, self-assessed the tax due and paid it, totalling £1,500, applying the rates for residential property contained in Table A in FA 2003, s. 55(1B).

HMRC opened an enquiry into the return and revised the tax payable to £7,500 on the grounds that the transaction was one subject to the higher rates of SDLT as falling within FA 2003, Sch. 4ZA, para. 4.

PN Bewley Ltd appealed this HMRC decision at court and expressed that due to its state of extreme dilapidation, the bungalow was neither used nor suitable for use as a dwelling. By reference to FA 2003, Sch. 4ZA, para. 18(2)(a), they said it did not count as a 'dwelling', the consequence being that the transaction in question was not a 'higher-rates transaction' for the purposes of Sch. 4ZA. They won!

> "In addition to the saving of the 3% SDLT higher rate there is a VAT saving too when you commence works on the building in question."

You can have the VAT rate of 20% reduced to just 5% on the direct materials and labour costs you incur when you refurbish a property that has been empty for more than two years. Check out VAT notice 708 for more details.

Our key point from the above though remains that there is a danger a solicitor could calculate the 3% SDLT higher rate when preparing the paperwork on dilapidated properties and you then overpay SDLT on similar purchases to the PN Bewley case above.

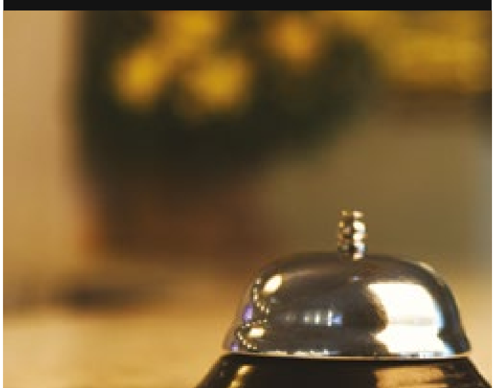
GUEST HOUSES / BED & BREAKFAST PROPERTIES

Holiday lets and serviced accommodation will have residential rates of SDLT and will be subject to the 3% SDLT higher rate.

Cases involving bed and breakfast (B&B) establishments, or guest houses, will be treated on their merits. However, a B&B establishment which has bathing facilities, telephone lines, etc installed in each room and is available all year round would be considered non-residential, in line with s.116(3)(f) which states that "a hotel or inn or similar establishment" is not used as a dwelling.

As such the non-residential rates of SDLT will apply and the 3% SDLT higher rate will also be ignored.

Many solicitors using the standard HMRC SDLT calculator could end up using the residential rates and include the 3% SDLT higher rate in error.



SDLT RATES WHEN BUYING A SECOND HOME OR A BUY-TO-LET INVESTMENT

You will see the below table of the SDLT rates that will apply whenever you buy a second property in your own name or any property within a limited company. This table also includes the 3% SDLT surcharge.

Stamp Duty Land Tax rates	Residential	Non residential
£0 to £40,000	0%	0%
£40,000 to £125,000	3% on full value (not just portion above £40,000)	0%
£125,000 to £150,000	5%	0%
£150,000 to £250,000	5%	2%
£250,000 to £925,000	8%	5%
£925,000 to £1.5m	13%	5%
£1.5m+	15%	5%

It is possible for property investors to buy a commercial building and convert it into a residential dwelling. On purchase of this property you would be subject to the non-residential rates of SDLT and avoid the 3% higher rate.

You could then convert this commercial building into a residential dwelling and get a reduction in VAT too from 20% to 5% on any conversion works. Again, see VAT notice 708 for more details.

OTHER WAYS OF REDUCING SDLT

There are many other ways where SDLT rates may be reduced when buying future property investments.

Multiple Dwellings Relief (MDR) when buying two or more properties from the same seller.

There are reliefs to reduce SDLT If you are buying multiple dwellings in the same or linked transaction. A dwelling is a residential use property that is independently accessed and used from any other building(s).

If more than one but less than six dwellings are bought in the same/linked transaction then you can calculate the average price of the properties and work out residential rate SDLT on this average price per property. This is described as "multiple dwellings relief". See **SDLT Manual 29940** and **SDLT Manual 29905**

If there are more than five properties in the transaction then you can either apply (so long as the value equates to at least 1% of the transaction value):

a) **Multiple Dwellings Relief**
b) **Non-residential SDLT**

In the instance of utilising non-residential SDLT it does not matter that all the properties may be residential. Buying six or more properties in the same/linked transaction affords you the ability to use the non-residential SDLT rates as a consequence of FA2003 s116 (7).

The buyer can choose whichever of the above calculation methods provides them with the lowest SDLT charge.

The buyer will have to pay higher stamp duty within 30 days of commencing change if the number of units reduces within three years of purchase though, so be aware that reducing the number of dwellings once purchased will likely impact the amount of SDLT you are saving.

EXAMPLE:

Six dwellings costing £600,000 each for two and £50,000 each for four are purchased. The two properties at £600,000 would, without any form of SDLT relief, result in £38,000 of SDLT each. The £50,000 properties will result in SDLT of £1,500 each. Total SDLT would be £82,000.

Using multiple dwellings relief the average purchase price is £233,000 (ie £1.4m/6). Residential SDLT on £233,000 is £9,150. Multiplied by six, this results in a total SDLT bill of £54,900.

Using non-residential rates of SDLT on a total purchase price of £1.4m, the total SDLT bill is £59,500.

In this example then, the best SDLT outcome for the buyer is to apply multiple dwellings relief.

CONCLUSION

It is important that you understand the type of property that you are purchasing and find out if there are any SDLT reliefs or reductions that are on offer to you.

I would also check the SDLT calculations that have been prepared by your solicitor to ensure that they are accurate as well as the calculation method that gives you the very best outcome.

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MORTGAGE UPDATE

Stuart Yardley
Trafalgar Square Financial Planning Consultants

Stuart Yardley presents a monthly round-up of what's happening in the mortgage and finance markets.

SPECIALIST LENDERS

As there have been very few changes with BTL lenders over the past month, I thought I would take the time to look at a couple of the specialist lenders in more detail.

Some of you may be aware that two of the biggest specialist lenders merged in October 2019, with OneSavings bank and Charter Court completing a merger.

The group brands – Precise Mortgages, Kent Reliance for Intermediaries, InterBay Commercial, Heritable and Prestige Finance – will remain as separate firms and it's business as usual.

Precise Mortgages and Kent Reliance have been at the forefront of the specialist lending market for a few years now, and both are regular lending options for investors looking at financing BTLs, HMOs, student lets, short-term lending options and now, holiday lets.

Precise Mortgages

Precise have a great range of products available for the investor who is looking to finance an investment property.

KEY PRODUCT RANGES ARE:

- **Limited company and personal lending options for BTL/HMO/holiday lets**
- **Short-term lending options (bridging) for purchase and refinance of investment properties**
- **Refurbishment BTL products**
- **Range of products for investors with previous historical credit blips**

Limited company lending options

Precise will also only accept a property SPV that is set up to solely to own/buy/sell/let property.

The company should have one or more of the following Standard Industrial Classification codes (SIC) set up at incorporation:

- **68100 – Buying and selling of own real estate**
- **68209 – Other letting and operating of own or leased real estate**
- **68320 – Management of real estate on a fee or contract basis**

All directors and shareholders over the age of 21 will be required to provide a personal guarantee for the loan. There is no limit on the number of shareholders under the age of 21 subject to the shareholders being dependants of the directors.

There is a maximum of four qualifying directors/shareholders, none of which may be another limited company.

KEY CRITERIA FOR LIMITED COMPANY LENDING:

- **Lending available up to 80% of the purchase price/valuation**
- **Minimum valuation £50,000 and minimum loan £40,000 for single BTLs**
- **Minimum value £100,000 for HMOs**
- **Lending available in England, Scotland and Wales**
- **Rental stress calculated at 125%**
- **Must have 12 months' lettings experience for HMOs**
- **No minimum income**
- **Minimum 12 months' trading for self employed**

Precise have some excellent products that are currently available, and some of the headline rates are:

75% loan to value/purchase price

- **2.79% 2-year fixed – 0.5% arrangement fee**
- **2.89% 2-year fixed – £995 arrangement fee**
- **3.19% 5-year fixed – 2% arrangement fee**
- **3.34% 5-year fixed – £1,995 arrangement fee**

These products are available for standard limited company BTLs and HMOs.

These are very competitive options, and are subject to credit score and underwriting assessment. For any refinances, you must have owned the property for six months before Precise will consider a mortgage application.

Refurbishment buy-to-let

Precise have a refurb-to-let product, which is basically a bridge to BTL mortgage package. This can be a good option if you are looking to purchase an investment property that isn't lettable on day one. They will provide you with a bridging offer to purchase the property, as well as an upfront refinance BTL offer, which allows you to know the post-works valuation you are going to be working to subject to a re-inspection from the valuer.

This is aimed at properties that need a refurbishment. They will require a full schedule of works with costings upfront to the valuer, so they can provide a current value and post-works valuation day one for the lending to be assessed. The product is designed that all works and the BTL re-mortgage completes within three months.

There are some restrictions, so if you would like to know how this can work for you personally, please feel free to contact me and we can arrange a call to discuss in detail.

Holiday let

As with the increase in demand for short-term lettings, Precise will consider short-term holiday lets.

These are available in personal names and limited company with the same products across the range.

There are, however, some key additional criteria requirements:

- **£40,000 minimum personal income**
- **Lending will also be assessed on a single family let basis using the standard rental stress tests**
- **Must be able to provide a link of the property being marketed for short-term lets with a holiday let company. Airbnb not accepted.**
- **Must have 12 months' lettings experience and be an experienced landlord**
- **70% loan to value/purchase price maximum**

As you can see, there are some tighter restrictions regarding this type of lending but the rates are very competitive.

KentReliance

Kent Reliance are an excellent specialist lender who have a full range of products for BTL and HMO properties.

Lending is available for limited companies and personal borrowing, with a product range up to 85% loan to value/ purchase price.

They are a very flexible lender and will consider the individual circumstances of the investor.

KEY CRITERIA AND PRODUCTS:

- **Lending available up to 85% of the purchase price/value**
- **£75,000 minimum value/purchase price**
- **Minimum loan of £100,000 for products over 75%**
- **Lending available on HMOs and single family BTL properties**
- **Further advances available to apply for after six months**
- **No minimum income**

EXAMPLE PRODUCTS ...

75% loan to value/purchase price

- 3.39% 2-year fixed – 1.5% arrangement fee
- 3.79% 5-year fixed – 2% arrangement fee

80% loan to value/purchase price

- 3.69% 2-year fixed – 1.5% arrangement fee
- 4.39% 5-year fixed – 2% arrangement fee

85% loan to value/purchase price

- 4.59% 2-year fixed – 2.5% arrangement fee
- 5.29% 5-year fixed – 2.5% arrangement fee

One great advantage with Kent Reliance is that they don't have a six-month ownership rule before you can refinance a property purchased with cash or bridging.

As long as you can show a full schedule of the works you have done to add the value (subject to valuer's confirmation) they will refinance to 75% of the increased market value within the six-month period. This is a great advantage for investors looking to purchase properties that are not in a lettable condition on day one, but want to pull their money out quicker and move onto the next deal. This also works very well for HMO conversions that are being purchased with bridging finance before refinancing to an HMO mortgage.

If the property is lettable on day one, and you want to purchase with a mortgage under a limited company,

"Kent are one of the most flexible and will generally just be looking at the directors to be party to the mortgage and provide full guarantees. They will however complete further checks on all shareholders with a 25% shareholding or more"

Kent are also one of the few lenders that will allow you to apply for a further advance after six months with them, when you have done a light refurbishment and added value.

The company must be a non-trading property SPV set up to hold property.

As always, there can be individual circumstances when a lender may also require further information or guarantees, but this will give you a general overview.

GENERAL LIMITED COMPANY MORTGAGE OVERVIEW

If you are looking at a limited company purchase or refinance, the structure of your company will be key to your options available. Each lender does have their own individual criteria on the directors'/shareholder personal circumstances and company structures, so you will need to discuss with your broker.

Here are a selection of options available in the market at the moment, and I thought I would give you a general higher level overview of some of the main lenders' requirements regarding directors and shareholders.

Lender	Loan to Value	Product	Fees
The Mortgage Works	80%	3.74% 5-year fixed rate	No arrangement fee
The Mortgage Works	80%	2.69% 2-year fixed	2% arrangement fee, free valuation
Paragon Mortgages	75%	2.75% 2-year fixed	1% arrangement fee, free valuation, £350 cashback
Precise Mortgages	75%	2.89% 2-year fixed	£995 arrangement fee
The Mortgage Works	75%	3.29% 2-year fixed	No arrangement fee
Precise – Limited edition product	75%	2.79% 2-year fixed	0.5% arrangement fee
Precise – Limited edition product	75%	3.19% 5-year fixed	2% arrangement fee
Precise – Limited edition product	75%	3.34% 5-year fixed (Maximum loan of £300,000)	£1,995 arrangement fee
Kent Reliance	75%	3.39% 2-year fixed	1.5% arrangement fee

As I have previously discussed, each lender has a very different view of shareholdings and directorships. Some lenders ignore minor shareholders while others insist that all shareholders need to be party to the mortgage and give personal guarantees. When a shareholder is required to be party to the mortgage, they must fit that lender's criteria so it's important you discuss this with your broker upfront.

As always, I am available to chat if you require any advice on a BTL or residential mortgage, or commercial, bridging or development finance. I work with investors throughout the country with property investment opportunities, from those buying their very first BTL property to experienced landlords, so please give me a call or send me an email.

T: **0208 870 8787** M: **07973 172 444**
E: **stuart@trafalgarsq.co.uk**
W: **www.trafalgarsq.co.uk**

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Boring Buy To Lets Help Secure Your Financial Future

We offer lucrative property deals in the North East! Our below market value investment opportunities will allow you to create an income stream through property and receive excellent returns on investment!

- Purchase Price: £34,000
- Refurb: £15,400
- Post Works Value: £65,000
- Re Mortgage and only leave £650 In Deal
- £202 Positive Cashflow per Month.

- Purchase Price: £31,500
- Refurb: £12,500
- Post Works Value: £55-£60,000
- Rent: £400 Per Month
- Great Return on Investment

- Purchase Price: £45,000
- Refurb: £10,400
- Rent: £425 Per month
- Post Works Value: £70,000
- Refinance & only leave £750 in the deal.

- Purchase Price: £62,000
- Post Works Value: £80,000
- Rent: £475 Per Month
- Refurb: £5,000

- Purchase price: £38,000
- No stamp duty
- Refurb: £12,000
- Rent: £450
- Post Works Value: £65,000
- Only Leave in £5,750 on Refinance.

- Purchase Price: £33,000
- No Stamp duty
- Refurb: £8,000
- Post Works: £55,000
- Rent: £400
- Only Leave £6,000 in The Deal
- 42.7% Return on Investment

If you would like more information then please get in touch on 0191 501 8091 and speak to Mike or Martin and they will be able to help you with any questions or queries you may have.

Join us in London or Durham and Discover what we can do for you.

We let our clients speak for us. Here are some recent clients giving feedback.

The initial conversation I had with Mike, was the most productive I've had in years, it helped me immensely going forward in terms of the deals I should and shouldn't do.

What really impressed me about Mike, was the fact that is so transparent about the deals I shouldn't buy and he took the time to show me and explained why.. Not a lot of people do that.

I am glad that our paths have crossed and with his help I can now build the business I was hoping.

Many thanks again,

Vikram Oswal, ***East London***

Working in the property industry myself, I did a great deal of research when I was looking to venture into property investments in the North East. I contacted a number of agents, but when I spoke with Michael at Talking Houses I knew it was the right way to go. His knowledge of the market and the area is second to none, and the process from start to finish was brilliant and if any issues arose, Michael was always readily available to help and you always receive a personal service.

From my first visit up to the North East last year, to seeing the finished refurbished properties earlier this year, I would definitely recommend Talking Houses as the go to for investments and I will most certainly use them again for future property purchases in the area.

Alex Gorman Tooze, ***South East London***

Come and join us for an hour to see what we can do for you. It will help you understand the North East property market and what it can do for you.

Please register your place either by email - **info@talkinghouses.co.uk** or on the contact us page on our website **www.talkinghouses.co.uk** or alternatively call us on **0191 501 8091**.

Our places are limited and fill up fast, so please register your interest at your earliest convenience.

Once registered you will receive your ticket via email.

Our upcoming dates

London Marriott - Canary Wharf

Wednesday April 15th. 1 hour consultation slots from 10am till 5pm.

Ramside Hotel - Durham

Wednesday April 22nd. 1 hour consultation slots from 10am till 5pm.

Look forward to meeting you there.

Our very best

Mike Massey BSc (Hons)
Founder
Talking Houses NE Ltd

Martin Cockbill
Operations Director
Talking Houses NE Ltd

FIRE PRECAUTION IN HIGH RISE BUILDINGS

GRAHAM KINNEAR

At a number of events I have spoken at I have been asked about Article 14, which related to the fire safety for high rise blocks over 18 metres and in particular aimed to provide guidance for building owners with aluminium composite material (ACM) in their external wall systems, including cladding and insulation.

On 20th January 2020, this document was replaced with a Government published document entitled "*Building Safety Advice for Building Owners of Multi Storey, Multi Occupancy residential buildings*". This recent document brings an expert panel's advice together in a single document and supersedes the existing Advice Notes 1 to 22. The advice on the assessment of ACM external wall systems (previously Advice Note 14) has been updated and incorporated.

One principal finding of the new report is that the expert panel has significant concerns that consideration is not routinely given to Requirement B4 of Schedule 1 to the Building Regulations, which requires that ***"the external walls of the building shall adequately resist the spread of fire over the walls and from one building to another, having regard to the height, use and location of the building."*** The report therefore reiterates the need to assess and manage the risk of external fire spread of buildings of any height.

Following the tragedy at Grenfell, the Government set up a screening programme to assist owners with the identification of the type of ACM present on their buildings. The screening is still open and remains free to building owners.

Owners who suspect they have ACM should therefore submit samples for testing.

For new residential buildings of 18 metres or more (or where building work is carried out on existing residential buildings of 18 metres or more), the Government has introduced an effective ban, through an amendment to Regulation 7 of the Building Regulations 2010, on the use of combustible materials in external walls and specified attachments (including balconies, etc). The ban limits the use of materials to products which demonstrate a specific classification. Details can be found in the Building (Amendment) Regulations 2018.

Where it has been determined that the external wall system does not meet an appropriate standard of safety, building owners should inform their local fire and rescue service and put in place appropriate short-term interim measures. The underlying message is that the removal of unsafe material and action to remediate unsafe wall systems should be carried out as soon as possible.

Whilst the expert panel identified ACMs as the most dangerous cladding system, it also raised significant concerns with some high pressure laminate panels. It is clear that building owners must understand the make up of their building and take any necessary remediation works as soon as possible.

Given the significant safety implications surrounding high rise blocks, those involved in risk assessment and remedial works should, according to the expert panel, be a chartered engineer registered with the UK Engineering Council with suitable experience in the fire safety of high rise residential buildings.

If ACM or other potentially dangerous panels are identified, the type of interim measures that may require consideration include:

- Check a suitable and sufficient fire risk assessment has been undertaken and comply with any recommendations.
- **Engage with residents of the building to ensure that they understand the emergency fire procedures.**
- All residents should be surveyed to identify their ability on vacating the building without assistance.
- **Check the presence and integrity of cavity barriers which should inhibit fire and smoke spread.**
- Ban the use of barbeques or residents from smoking on balconies. Ensure the escape routes remain free of combustible materials or other debris.
- **Check that all flat entrance doors, and doors that open onto escape corridors and stairways, are fire-resisting and effectively self-closing.**
- Check all walls that separate flats, plant and store rooms, to ensure there are no obvious routes for fire or smoke spread (eg, holes where services, such as pipes and cables, pass through walls).
- **Check that any smoke control systems, including associated fire detection systems, are operating correctly.**
- Check all facilities provided for fire-fighters, including fire-fighting lifts and dry or wet rising mains. If you have **ANY** concerns you should contact your local fire and rescue service, who will, if they have not already done so, carry out an inspection to ensure functionality.
- **Ensure that there is sufficient roadway access and hardstanding for firefighting vehicles attending incidents.**
- Residents must be advised to ensure all smoke alarms are present and working in their flat; to report concerns about fire safety measures to their landlord.

As property investors and landlords we must regularly review our property portfolio with fire precaution at the fore of our thoughts. We are under a legal, moral and ethical obligation to provide safe accommodation, which is fit for purpose.

As always I am happy to assist readers of YPN and can be contacted on 01843 583000 or graham@grahamkinnear.com

Graham is the author of "The Property Triangle".

LEGISLATION UPDATE

By **Mary Latham**

THIS MONTH'S UPDATES ...

- Change to minimum tenancies in Wales
- Renting Homes (Fee Etc.) (Specified Information) (Wales) Regulations 2019: changes to prescribed information for prospective tenants
- Council tax banding for HMO rooms
- Sleeping rough solution and the PRS
- Licensing
- Homes (Fitness for Human Habitation) Act 2018
- MEES regulations
- Section 8 Notice errors
- Right to rent checks
- Electric storage heater grants
- English Housing Survey 2018-19 highlights

MINIMUM TENANCIES IN WALES

Landlords in Wales are being forced to give ten-month minimum tenancies.

In the Amendments to the Renting Homes (Wales) Act 2016 **(http://bit.ly/YPN142-ML1)**, the landlord notice period for periodic standard contracts has been increased from two months (as in England under Section 21) to six months minimum.

In a nutshell:

- The minimum notice a landlord can give a tenant is six months
- A Notice under this section may not be served before the end of fourth month of occupation
- This applies to all tenancies, except those given by charities under special circumstances, or where the landlord needs vacant possession to carry out repairs, refurbishment, demolition or redevelopment

AND ...

> *"A landlord may not give Notice at a time when the landlord has not given the contract-holder a written statement in accordance with section 31(1) or (2) (duty to provide written statement).*
>
> *2 A landlord who has failed to comply with section 31(1) or (2) may not give Notice before the end of the period of six months starting with the day on which the landlord gave a written statement of the contract to the contract-holder."*
>
> *"31 Written statement*
>
> (1) *The landlord under an occupation contract must give the contract-holder a written statement of the contract before the end of the period of 14 days starting with the occupation date."*

This means that if the landlord fails to give the tenant a written contract as above, no Notice can be served on that tenant until after the six months "restricted period", and then it must be for a minimum of six months.

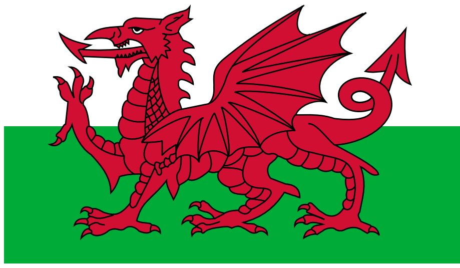
So (assuming a valid Notice is served by the end of the fifth month, the landlord having realised his error in the fourth month when attempting to serve Notice) that makes for a 17-month tenancy … OUCH!

AND … this is in addition to:

A landlord who is required to be **registered** under Part 1 of the Housing (Wales) Act 2014 may not give a Notice **at a time when the landlord is not registered**.

A landlord who is required to be **licensed** under Part 1 of the Housing (Wales) Act 2014 may not give a Notice at a time when the landlord is not **licensed**.

We can only hope that this doesn't become a template for the changes/removal of Section 21 in England but, in the meantime, colleagues in Wales will need to pay close attention to their referencing and to their paperwork if they are to avoid being stuck with bad tenants for a very long time.



ALSO FOR LANDLORDS IN WALES...

From 28th February new regulations under **Renting Homes (Fee Etc.) (Specified Information) (Wales) Regulations 2019** came into force with a prescribed list of information that must be provided to prospective contract-holder (applicant tenants):

"The following information must be provided to a prospective contract-holder—

(a) *amount of holding deposit*

(b) *address of the dwelling in respect of which the deposit is paid,*

(c) *where a holding deposit is to be paid to a letting agent, the name and contact details of that letting agent,*

(d) *where a holding deposit is to be paid to a landlord, the name and contact details of that landlord,*

(e) *duration of the contract,*

(f) *proposed occupation date,*

(g) *amount of rent or other consideration,*

(h) *rental period,*

(i) *any proposed additional contract terms or proposed modifications to fundamental or supplementary terms or terms proposed to be omitted from the contract,*

(j) *amount of any security deposit,*

(k) *whether a guarantor is required and, if so, any relevant conditions,*

(l) *reference checks the landlord (or letting agent) will undertake, and*

(m) *information the landlord or letting agent requires from the prospective contract-holder.*

(n) *The information must be provided to a prospective contract-holder in writing and may be given in person or provided by electronic means if the prospective contract-holder consents to receiving it electronically."*

(Source: **http://bit.ly/YPN142-ML2***)*

COUNCIL TAX BANDING FOR INDIVIDUAL HMO ROOMS

"HMO Landlord Defeats VOA in Land Tribunal Ruling on Banding Individual HMO Rooms for Council Tax"

This heading appeared on a popular online property forum. It was the result of a landlord taking the VOA to court to reverse their decision on separately banding his HMO on a room-by-room basis for council tax – a concern of many HMO landlords.

You can read the full story on Property118.com: **http://bit.ly/YPN142-ML3.**

There is also a second case where the landlord won at appeal. This seemed to be a cause for celebration, but the details of these cases are very specific and unless you can replicate them it is unlikely that you would win.

A very knowledgeable landlord and property developer, Rob Hunter of Bond Housing Group Lincoln, wrote an informative article in relation to Council Tax banding. With his permission, I am sharing some if it with you. He began by saying:

> ***"It's not worth appealing separate banding unless the VOA decision is based on inaccurate facts***
>
> - *The VOA can separately band any room – the myth that it needs an en-suite or a kitchen is incorrect – the banding decision will most likely be based on the use of the building (separate ASTs instead of one joint AST) than the facilities in the room.*
> - *In many cases, an application for mandatory licensing has precipitated an enquiry from the VOA and ultimately separate banding – the licence application will particularise exactly the type of HMO it is and the facilities.*
> - *Where each room in an HMO has been deemed a separate dwelling for council tax purposes, the occupier/s of each room are legally liable for the council tax charge with regard to that room (not the landlord) and the council has to issue bills in the occupiers' names (not the landlord's name) irrespective of what your AST states.*
> - *The council can and will issue Notices under Regulation 3, The Council Tax (Administration & Enforcement) Regulations 1992, requesting the landlord supply the names of all tenants at each dwelling and their tenancy start and end dates, for the purpose of determining liability for council tax in respect of each dwelling. Please note that the landlord may be found liable for a £75.00 penalty for each of the Notices, should the requested information not be supplied. Remember under HMO management regulations you MUST have this information.*
> - ***You can't avoid single banding if you rent on separate ASTs.***
>
> > - *A recent case (which was won) exploits a lack of proof on the VOA and council's part that relates to what is deemed "paramount operational control over all the rooms as the accommodation". It's been stated publicly that six-month separate room let ASTs were used – it appears this was not disclosed to the authorities – so the case is a decision that goes nowhere, a landlord granting six-month ASTs does not retain this control.*
> > - *Using licences to occupy as a sham does not resolve this – landlords have been prosecuted for using licences to remove tenants' rights or to mislead tenants about their rights – licences are likely to breach most mortgage conditions (and HMO licence conditions) and most insurance which require ASTs to be used. Defacto most sham licences are ASTs anyway.*

In a nutshell, nothing has changed but if the VOA are indeed using wrong information about the use of the building the landlord can appeal and will probably win.

THE PRS TO BE PART OF THE SOLUTION, SAYS BORIS JOHNSON

At the end of February, the Prime Minister announced an extra £236m will be made available to help to stop people sleeping on the streets. He also appointed Dame Louise Casey to lead an urgent review into the causes of rough sleeping. In his statement the PM said:

> *"The new funding will bring suitable housing forward by acquiring new units, refurbishing existing accommodation units, and leasing private rented sector properties specifically for those who are rough sleeping or at risk of rough sleeping."*
>
> (Source: gov.uk **http://bit.ly/YPN142-ML4**)

REMINDER:
HOMES (FITNESS FOR HUMAN HABITATION) ACT 2018

From 20th March, the Homes (Fitness for Human Habitation) Act 2018 **will come into force for periodic tenancies** in England. The Act applied to all new tenancies from March 2018, including renewals.

This is powerful legislation for tenants who live in properties that are unfit/unsafe. They can take legal action against the landlord without the need to involve the local authority.

See MHCLG "Guide for Landlords: Homes (Fitness for Human Habitation) Act 2018" for details **(http://bit.ly/YPN142-ML5).**

THE GOOD NEWS SECTION!

Errors in Notice seeking possession under Section 8 of Housing Act 1988

My thanks to Giles Peaker (Anthony Gold Solicitors) for this piece of good news for landlords who need to seek possession using Section 8.

This will become even more important if/when Section 21 is removed and we have no other legal option than Section 8.

In a nutshell:

- *Date Section 8 Notice served:* **7 November 2018.**
- *Date stated before which court proceedings cannot begin:* **26 November 2017** *(this cannot be earlier than two weeks after the service of the Notice).*
- *A simple error in the year might have invalidated the Notice, and in fact when it went to court the tenant defended that the date on the Notice was not clear and this invalidated the Notice.*
- *The Judge agreed (using case law) and dismissed the Notice so that the landlord had to serve again.*
- *The landlord appealed "and was granted permission by the Court of Appeal on a point of general importance. The issue was whether the 'reasonable recipient' test applied to section 8 Notices."*
- *The Judge used case law, "the question was how a reasonable recipient would have understood them, bearing in mind their context."*
- *In addition, in this case, there had been covering letters which stated: "Proceedings will not be issued before **26 November 2018** but will be issued within 12 months of service of the Notice."*
- *The Judge said: "such covering letters may be taken into account in determining how the reasonable recipient would interpret a statutory Notice."*
- ***The appeal was allowed.***

The Judge's comments are important, this is not a free ticket to make errors in legal Notices:

> *"An error in a s.8 notice might not invalidate it, so long as:*
>
> **a)** *the 'reasonable recipient' would understand what it meant in context (including the content of any covering letters).*
>
> **b)** *Which means that the error would be understood as such and the intended meaning be reasonably understood.*
>
> **c)** *But the notice must still meet statutory requirements, when the purpose of those requirements are considered.*
>
> **d)** *A failure to meet the precise requirements of statute may be excusable if the notice is 'substantially to the same effect' and fulfils the statutory purpose."*

The full details are on the Nearly Legal: Housing Law News and Comment website: **http://bit.ly/YPN142-ML7**

REMINDER: MEES REGULATIONS

On 1st April 2020, the MEES regulationswill be extended **to all tenancies**. This means that, under the legislation, properties with an energy performance certificate (EPC) rating of F or G **cannot continue to be rented unless they are on the Exemption Register**.

See the government's "Domestic private rented property: minimum energy efficiency standard - landlord guidance" for details **(http://bit.ly/YPN142-ML6)**

RIGHT TO RENT – LANDLORD/ AGENT RESPONSIBILITIES

The government confirms that there will be no changes to the **Right to Rent** checks which we have to carry out on a prospective tenant who is a citizen of the EU, Switzerland, Norway, Iceland and Liechtenstein until **30th June 2021**. There are changes for employers but not for us.

NB: It's unlawful to ask EU, EEA or Swiss citizens to show that they have settled status or pre-settled status when starting a new tenancy.

More information can be found on the government's "Check your tenant's right to rent" guide: **http://bit.ly/YPN142-ML8**

LICENSING IN LIVERPOOL

Liverpool will not challenge government on refusal of licensing scheme renewal

Liverpool council have decided not to challenge the government decision to refuse them to renew citywide selective licensing when the current scheme ends on 31st March. (I wrote about the refusal last month.) Instead the council has drawn up a new scheme which I assume will address the reasons the government gave for their refusal:

> *"An MHCLG spokesperson said: 'Following careful and detailed consideration, it was decided that Liverpool City Council's application for selective licensing did not demonstrate robust evidence to support the existence of low housing demand across the whole city.'*
>
> *Liverpool City Council was one of more than 130 local councils to recently receive a share of £4.3m funding from government to tackle rogue landlords. 'We will continue to support Liverpool City Council and other local authorities in taking effective enforcement action as part of our commitment to securing a better deal for tenants across the country.'*
>
> *(Source: Liverpool Echo,* **http://bit.ly/YPN142-ML9***)*

THE ANNUAL ENGLISH HOUSING SURVEY 2018-19

- *Owner-occupation rates remain unchanged for the sixth year in a row. Despite what we are led to believe,* ***64% of people living in the UK own their own homes*** *and this isn't such a big drop since the peak in 2003 of 71%.*
- *19% live in privately rented accommodation – this also hasn't changed for six years.*
- *25-34 year olds are evenly split now with 41% owner-occupiers and 41% private renters, an increase in owner-occupiers of 5%.*
- *3% more 55-64 year olds are privately renting and there are also 3% more renting social housing.*
- *Over the last ten years the proportion of homes in the lowest F and G Energy performance bands fell from 14% to 4%.*

(Source: MHCLG English Housing Survey Headline Report, **http://bit.ly/YPN142-ML12***)*

Overall I would say this is very good news with private landlords continuing to provide homes for those who cannot or don't want to own their own, and cannot or don't want to rent from a social housing provider.

Give yourself a pat on the back!

LICENSING IN BRENT

Government "not minded" to extend Brent's selective licensing scheme

Is there a pattern emerging? I certainly hope so.

> *"In February Brent Council announced that the Secretary of State, the Rt Hon Robert Jenrick MP, has said at this time, he is not minded to approve Brent's application to extend selective licensing in the wards of Willesden Green, Harlesden and Wembley Central.*
>
> *The government has also informed Brent Council that more evidence would be required before any approval could be secured to extend selective licensing to another ten wards in the borough."*
>
> *(Source: London Property Licensing,* **http://bit.ly/YPN142-ML10***)*

ELECTRIC STORAGE HEATER GRANTS

Free electric storage heater grants – your tenants may qualify

> *"To qualify for a free storage heater grant you must have existing electric heating and be in receipt of a qualifying benefit.*
>
> *Free storage heater grants are available to fund the cost of replacing inefficient or faulty electric storage heaters. We can fit brand new high heat retention electric storage heaters that are fully programmable. Our new storage heaters charge the store overnight using low cost off-peak electricity. They also come with a handy 12 year guarantee!*
>
> *This 100% Government backed nationwide scheme delivers free energy efficiency improvements as part of the Energy Company Obligation."*
>
> *(Source: heatergrants.co.uk,* **http://bit.ly/YPN142-ML11***)*

@landlordtweets Mary Latham Landlord

BUYING IN A NEW LOCATION?

CHECK OUT THESE SOURCES OF INFORMATION FOR DUE DILIGENCE FIRST...

By **David Lawrenson** of **LettingFocus.com**

Readers of my blogs and books will know that I'm keen on buying reasonably local to where you live – by which I mean no more than one hour's drive – unless there are very compelling reasons to buy further afield.

In the property business, there are a lot of men and women in shiny suits trying to convince you to buy into areas because they have "great yields". Fine, but they often can come with low employment and high levels of deprivation – which can make net yields much lower and voids and the use of your management time much higher.

One reason to buy local is that it is really hard to get as up to speed on a new area. You will never know as much about a place faraway as you will about your own area – which you just learn by dint of simply living there. But wherever you buy, home or away, it is good to be aware of sources of good local information, which can all be found for free online.

Obviously, a good starting point is **Google Earth** (earth.google.com) and **InstantStreetView.com**. These are good for giving you street views without even having to leave your desk. Yes, it helps to know if a busy petrol station or hotel is right next door! Estate agents and auctioneers would probably like to be more open about this kind of thing, but the vendors of properties don't appreciate their honesty when agents are trying to sell their houses.

Another good general site is **streetcheck.co.uk**. This is useful for seeing the make-up of residents on any road you are looking at. It gets information from a variety of official government databases, including census information and Land Registry data on housing types, social grade, gender, marital status, health, employment data, and broadband availability.

> "Population breakdowns, employment trends and earning levels for an area can be found at the Office for National Statistics site at nomisweb.co.uk – an invaluable resource, if a little dense."

Population breakdowns, employment trends and earning levels for an area can be found at the **Office for National Statistics site at nomisweb.co.uk** – an invaluable resource, if a little dense.

Each local authority has to plan for the size and make-up of the population likely to be living there in the next five years – this obviously effects schools, healthcare provision, housing, rubbish collection, meals on wheels provision and much more. So **each local authority publishes a housing strategy and infrastructure plan**. These are treasure troves of useful information to all investors – they include lots of demographic information, population movement into-borough and in-borough as well as plans for housing provision. They may also

tell landlords much about what the local council's attitude is to landlords and whether things like licensing are in the pipeline or under consideration.

Still with government sources, for **planning decisions** go to **gov.uk/search-register-planning-decisions**.

dclgapps.communities.gov.uk/imd/idmap.html is an excellent resource for finding what the "Deprivation Index" is for any area. Also, related to this is **checkmyfile.com** – again a wealth of information on social demographics of an area, crime data, fraud data etc. Obviously, it is plucked from some of the government data mentioned above, but is well presented for the user.

Looking at the big portals, Rightmove and Zoopla both have lots of useful information on any area, with Rightmove's charts being especially good for tracking house price trends for different types of properties, (detached, semi-detached, terraces, flats), over time by postcode. These particular charts are updated around the fifth of each month, using data from government sources.

The website **Home.co.uk** can be used for the purpose of checking house prices over time too and can additionally tell you when a property's asking price was reduced and how long it's been on the market. Also, another good site for the same thing is **nethouseprices.com**.

"Still with government sources, for planning decisions go to **gov.uk/search-register-planning-decisions**"

Rightmove and Zoopla are also good for landlords to see what similar properties are renting and being sold for and how quickly. If you see properties sticking for a long time you know the owners are asking too much. So I suggest people always look at recently sold and recently let prices to get a better idea of what actual sale prices and rents are.

Very topical at the moment I write this, for flood risk, the **Environment Agency website** is the place to go to check flood risk on their flood maps. Flood risk will lower the number of lenders willing to lend on a property (in some cases to zero) and increase the cost of insurance as well as levels of excess too.

For broadband, find out Wi-Fi signal use **ofcom.org.uk**. For crime, the police crime map at **police.uk** can be interrogated by postcode and to street level.

People are becoming increasingly aware of pollution. Personally I would never buy to let on a busy main road for this reason. Local levels of air pollution can be found at **uk-air.defra.gov.uk**. And still on matters of fitness and well-being, **local biodiversity information can be found at nbnatlas.org and cycle routes at bikemap.net**.

I like to buy into areas where new rail infrastructure is coming as it always fires up house prices and rents, when built. Get googling, but make sure to check out this privately run enthusiast site too: **https://trundleage.co.uk/reopened-railway-stations/**.

David Lawrenson is the founder of LettingFocus.com and an independent expert and consultant in residential property investment. He specialises in providing independent advice on BTL and property investments. Contact him at david@lettingfocus.com

He is the author of two books: *"Successful Property Letting - How to Make Money in Buy to Let"*, and *"Buy to Let Landlords Guide to Finding Great Tenants"*.

COMPLACENT OR COMPLIANT?

By **Paul Shamplina**, founder of Landlord Action, brand ambassador of Hamilton Fraser and star of Channel 5's 'Nightmare Tenants, Slum Landlords'

It is no secret that the landscape of landlording has changed enormously over the past decade and the next decade is likely to be one of further significant growth and adjustment for the PRS.

More people are renting, and for longer, than ever before. With the spotlight firmly on this growing demographic, the government has introduced a myriad of new regulations that landlords must contend with, and many are struggling to keep pace. According to latest figures, there are now 178 laws which may apply to BTL landlords, so it's no surprise that one of the most common phrases landlords say to me is: "I didn't realise I had to do that."

On top of this and being hit by increased stamp duty and the abolition of mortgage-interest tax relief, over the next ten years landlords are going to find themselves competing with the services and amenities offered by the growing build-to-rent sector. Understandably, faced with such barriers, it is not difficult to understand why the PRS is becoming a less attractive investment option.

> "However, I believe the shift in the PRS came way before government changes to legislation."

It came with the growth of social media and the review culture, which gave consumers a voice to influence the government and this changed almost every industry.

People no longer buy into 'products', they buy into service and experience. They want to feel valued, they want to get value for money and they want recourse if they don't get what they paid for, and rightly so.

For this reason, the simple secret to success is adjustment and compliance.

For those who wish to remain as landlords, my message to you is this: yes, there will be challenges, and yes, it is likely that legislation changes will continue apace, but it is important to remember that the industry needs you. The build-to-rent sector may be growing, but so too is the pool of tenants, and tenants want choice. Complacency over compliance and your responsibilities as a landlord is no longer an option.

Landlords must learn the profession of being a landlord and embrace the dawning of a new era, which will provide a platform for serious landlords to achieve success. Failing to comply with your legal obligations as a landlord could be a costly mistake. My best advice to landlords who do not have the time or inclination to protect themselves and their tenants is to appoint a reputable letting agent (one that holds Client Money Protection and is a member of a redress scheme as a minimum) to manage their property for them.

The overarching common misconception, particularly for those who perhaps inherit an extra property, is that you can advertise a property to let, find a tenant and rake in the rent. However, below are just some of the recent and most important landlord responsibilities to highlight the level of involvement required:

1 Landlord licence

Check with your local council as to whether you are required to have a selective or a mandatory licence.

2 Right to Rent

Have you checked your tenant's right to rent?

Under Section 22 of the Immigration Act 2014 a landlord should not authorise an adult to occupy a property as their only or main home under a residential tenancy agreement unless the adult is a British citizen, or EEA or Swiss national, or has a right to rent in the UK.

3 Deposit protection

You must secure your tenant's deposit in one of the three tenancy deposit protection schemes that the government has approved.

4 Energy Performance Certificate (EPC) assessment

Landlords are legally obliged to provide an Energy Performance Certificate before a tenant moves in, either during the viewing or at least before the tenancy agreement is signed. A copy of the certificate must be given to any tenant who moves into the property.

5 Gas Safety Certificate

If the property has a Gas supply, under the Gas Safety (Installation and Use) Regulations 1988, landlords must also provide a Gas Safety Certificate prior to the tenant moving in. Failing to do so could invalidate a Section 21 preventing the landlord from taking possession of the property.

As well as the Gas Safety Certificate and valid Energy Performance Certificate (EPC), landlords must also issue tenants with the latest How to Rent Guide.

6 Minimum Energy Efficiency Standards (MEES)

From April 2020, minimum energy efficiency standards (MEES) mean that all rented properties must have an energy performance certificate (EPC) rating of E or above.

7 Homes (Fitness for Human Habitation) Bill

The Homes (Fitness for Human Habitation) Bill came into effect on 20th March 2019, making it a requirement for all social and private landlords (or agents acting on their behalf) in England to ensure their property is fit for human habitation at the beginning and throughout the duration of the tenancy. Failing to do so gives tenants the right to take legal action against their landlords.

8 Tenant Fees Bill

The Tenant Fees Act bans most letting fees (including referencing and inventories) and caps tenancy deposits paid by tenants in the private rented sector in England at five weeks' rent (or six for tenancies that cost more than £50,000 a year).

9 Smoke and Carbon Monoxide Alarms

Alongside smoke alarms, landlords are legally required to fit carbon monoxide alarms in their properties under the Smoke and Carbon Monoxide Alarm (England) Regulations 2015.

In addition, the abolition of Section 21 is on the horizon, along with likely mandatory redress scheme membership for landlords and the possible introduction of rent controls in the capital.

Landlords, now is the time to educate yourselves. Change can be positive and forcing landlords to be accountable, responsive and more compliant when renting out a property will raise standards and enable the professional landlords to shine.

Note: Kate Faulkner, who I co-wrote the book 'The Landlords' Friend' with, has written a free Legislation e-Guide for landlords when they subscribe to

www.landlordzone.co.uk

YOUR HMO Q&A

Hi everyone and welcome back to my monthly HMO Q&A! Each month we take questions from real property investors and answer them right here. If you have any specific HMO questions, then please drop the YPN team a line and we will be sure to answer them in an upcoming edition. Let's get straight into this.

With Rick Gannon

Q) My tenant hasn't paid their rent this month, and I simply don't know how to move forward. They have been ignoring my messages and emails and they are now a week overdue, what can I do about this?

A) This is a great question and has featured in the Q&A previously. The first thing to do in cases like this is to try and remove the emotion. I know that this can be painful sometimes, but if you remove the emotion, then it simply becomes business. Rather than being tempted to take the law into your own hands, you must follow a procedure. Here is what we do:

We always take our rent on the first of each month. This way, it's much easier to track who has and hasn't paid and it means we only need to chase rents once a month, rather than every day. Once we have established who has paid and who hasn't, we can then begin to open the lines of communications.

Communication is key here. As long as the tenant is talking to us, this is the first hurdle.

OUR PROCEDURE IS:

- ***09:00*** – rents are checked off in our system, and those that haven't paid are contacted at ***09:30*** with a text message using one of the company phones. The message is a nice polite reminder just saying that we haven't received the rent, and we ask if they could they please look into it. Usually this is enough, and the rent normally follows not long afterwards. If the tenant fails to respond to this message, then we need to escalate things slightly.
- If the payment still hasn't arrived by ***lunchtime***, we will then call the tenant. Again, this is normally sufficient, but if we can't get through we will wait until the end of the day and make another call.
- If the tenant fails to answer, a letter will be delivered to their home ***the following day***.
- ***The following morning***, we'll check to see if the rent has been paid. If not, we'll send a letter to the tenant's address explaining that they are now in arrears, and that we'll be conducting a room viewing in 24 hours. If the tenant has a guarantor, we contact them too. Depending on the outcome of that conversation, we'll determine if a room inspection is actually needed. Of course, if the guarantor agrees to pay then this will cease further action. If not, we'll continue…
- If we still don't receive any rent ***the next 24 hours***, we'll visit the property. The purpose of the viewing is to establish if the tenant is still in occupation or not.

If it appears that the tenant has vacated, then we need to apply for a **possession order** to take the room back. As tempting as it may be to re-let the room immediately, I wouldn't recommend this. If the tenant reappears to reclaim the room, it could be deemed as unlawful eviction and put you at risk of a massive fine, and perhaps even a conviction.

To reclaim the room properly, you would need to wait until the tenant is eight weeks in arrears. If the tenant pays monthly, this can be on the first rent date of the following month. You would then serve a Section 8 notice for non-payment of rent to their last known address, ie their room. If the tenant has indeed vacated, they won't see the notice, which will mean that you would then need to apply to the court for a possession order. The process can be accelerated at a cost. Once possession has been granted, then you are now lawfully allowed to re-let the room.

I totally understand that it takes time and costs money in lost rent payments, but it really is the only way that it should be dealt with.

However, if the tenant is obviously still living in their room, I would deal with it in the same manner and would still serve a Section 8 notice.

GETTING POSSESSION OF YOUR ROOM IS ALL GOOD AND WELL, BUT YOU STILL HAVEN'T BEEN PAID. HOW DO YOU GET YOUR MONEY BACK?

There are two lines of thought here. You could apply for a County Court Judgement against the tenant using Money Claim Online, which is an easy-to-use online eviction service. However, it won't give you any guarantee that you will receive any money, but it will give you peace of mind that the tenant can't do it again to another landlord.

The other thing to do is to fill the room quickly and move on. It's all part of being a property investor. If you're not familiar with the eviction procedure, then I recommend using a professional.

Q) What is the best way to take rent payments? Should we use standing orders or Direct Debits?

A) Great question whilst we are on the topic of collecting rents!

As I mentioned earlier, it's always a great idea to collect your rent on the first of the month. Personally, we take standing orders rather than Direct Debit, but it's down to your personal preference. However, remember that Direct Debits are charged per transaction whereas standing orders are free.

If using Direct Debits, you will be notified if the money is not in the account, but that's the only benefit I can see, if I'm honest.

When we check a tenant in, we'll complete a standing order mandate with them as well as a covering letter to their bank. The mandate has the tenant's bank details, the amount of rent and the date it is to be paid. It's signed by them and we post it on their behalf, just so that we know it has been done.

It works perfectly for us, and have operated this system for years. I reckon we've saved thousands of pounds by not using Direct Debits.

As always, I hope that you found this Q&A useful and I will be back in next month's addition to do it all again!

Rick

Happy investing.

Rick is the author of **"House Arrest: A Practical Guide on How to Replace Your Income through Property Investing".**

WHAT DOES IT REALLY TAKE FOR YOU TO BE A SUCCESSFUL PROPERTY INVESTOR?

By **Simon Zutshi**

As someone who has been training people to become successful property investors since 2003, I have seen what it takes to become truly successful and I would like to share that with you in this article.

Some investors have become very successful by learning the hard way on their own, and so may believe that training courses are a waste of money. Whereas other investors want to learn from someone else who has already worked out exactly what is required and how to do it. This is because they would rather invest in themselves to learn to do it properly and save years of learning through trying to work it out on their own.

There seems to be a lot of negativity at the moment about property training courses in general. And quite rightly about the ones that suggest that it is easy to make money in property, which might attract vulnerable or desperate people who looking for that get-rich-quick solution.

Let me tell you right now, investing in property is not easy. It takes time and effort.

Whilst I believe that anyone has the potential to make it in property, no training course is going to make you rich. You need to do the work yourself. However, good training should give you the knowledge, tools and the motivation to go out and apply what you've learned.

THE 3 KEYS TO SUCCESS

If you want to be successful, there are three key elements that you need to have in place as follows:

1) Specialist knowledge

You need to know what to do and how to successfully invest. The good news is, there is so much information readily available nowadays, that there is no excuse for you not knowing what to do.

2) Mindset

Knowledge alone is not enough. You also need to take action with this knowledge. This is where mindset comes in, as it relates to attitude, belief and courage. It's the positive can-do attitude that there is always a way and to look for the solution instead of focusing on the problem, which is what most people do. Mindset is about the belief of what can be achieved and what you can personally achieve. A great way to build this belief is to look at case studies of what other investors like you have achieved. Finally, have the courage to step out of your comfort zone and do things you know you should do, but really don't want to do.

3) Support

Property investing can be a lonely endeavour, but it doesn't have to be like that. If you can get a group of like-minded people to share your journey with you, to be there to celebrate your highs and pick you up when you are low, then you will not only be more successful but you will also enjoy it far more. (I am certain this is one of the main reasons why people on the Property Mastermind are so successful – due to the abundant team spirit, sense of family community and the shared adventure. Conversely, the lack of a supportive environment is one of the biggest things that holds most investors back.)

You need all three of these elements in place to be really successful. If you are not currently getting the result you want from your property investing, it may be well worth considering which of these elements you are lacking so that you can do something about filling the gap.

IT'S NOT JUST ABOUT HARD WORK

Why do some people seem to put in lots of hard work but fail to get the results they want? I meet plenty of people at property networking meetings who appear to be doing a lot of things yet failing to get results. Now don't get me wrong, I am not saying property investing is easy – far from it. You definitely need to put in some time and effort, but it needs to be focused effort.

Rather than working hard, you need to work smart.

Let me show you what I mean by way of an example:

Someone working really hard may go and visit 100 properties with estate agents and make low offers on all of them in the hope of finding motivated sellers who will accept a low offer. Although this strategy does work, it is hard work and, in reality, most investors will give up long before they get to do 100 viewings.

A smarter way of doing this would be to look for sellers whose circumstances mean they may be flexible on price or terms. Out of every four or five motivated sellers, you might end up buying one or two properties. That's a much better use of your time.

VALUE YOUR TIME

Time is your most valuable asset, and yet most investors use their own time to save money. Time is precious. You can earn always earn more money, but you can't get any more time.

We all have the same 24 hours in a day, and there's only so much you can do yourself. Successful investors recognise that there are many things that can be outsourced to other people, which means they can focus on the tasks that add the most value. This is all about mindset and valuing your time.

I remember in the year 2000, I was renovating a property for a flip while I was still working full time at Cadbury as a senior manager. Back then, I didn't really understand the concept of valuing my time, and I thought that I could save money by doing some of the work myself.

I am not very good at DIY, so I hired other people to do those kinds of jobs. But I can paint, so I thought rather than pay a decorator, I could paint the house myself. It took me about two weeks of evenings and weekends, but I saved about £500. At the time, I was happy with that and I make £10,000 on the flip.

With hindsight, this was not a very good idea. Instead of focusing on saving money by painting the property myself, I should have invested that time in finding the next deal that could have made me another £10,000, instead of saving £500. This would have been a far better use of my time. The question here is: are you valuing your time?

I meet many people who want to benefit from investing in property, but don't want to spend any money on their own education. This is because they are usually focusing on saving money, so they try to learn for free or at a low cost by listening to webinars, reading books, etc. This all works but it takes up valuable time. It is far better to attend a seminar and get the right information condensed into a short space of time.

You need to pick the right training course for you, and make sure that there is some sort of money back guarantee to guarantee you get the quality training you were promised.

You don't have to be a full-time investor to achieve fantastic results. (Many of our top performers on Property Mastermind have full-time jobs or run their own businesses, so they only have eight to ten hours a week to apply what we teach them. However, due to this limited time it forces them to focus and do the most important things which is why they get great results.)

BE PERSISTENT

A few years ago, I met Kim and Robert Kiyosaki in London and I was able to spend some time with them. I asked Robert if there was one piece of advice that I could share with my students. He said: *"Simon, that's easy. Be persistent. Most people give up too easily. Often just before they get the results they want."*

This was excellent advice from Robert. Most of my successful students have had challenges, problems and, at times, thought about giving up. But they didn't. They tapped into the support and resources around them and kept going. They had the belief that they could achieve what they wanted because others around them were also achieving incredible results. The only way you will fail is if you give up!

HOW IS MY TRAINING DIFFERENT?

After the first few years of training people, I realised that specialist knowledge alone was not enough for most people. That's why I created the 12-month Property Mastermind in 2007. It provides support, accountability and helps people overcome fear, take action and hopefully achieve far more in a few years than they would on their own.

Unlike other courses available in the UK, you can't just pay to come on the Property Mastermind Programme. We have a proven track record of fantastic results achieved by our delegates over the past 13 years, and we are very keen to maintain that impressive record. This means that we want to make sure that the programme is right for you and that you are right for it.

We insist people spend at least three days on a course with me to see if they resonate with me and my teaching style, so they can make an informed and intelligent decision about joining Mastermind.

We also encourage people to attend my residential three-day Advanced Mastermind Accelerator workshop (MMA). Here, you will learn the basics of the strategies covered on the full Property Mastermind Programme.

The residential element allows you to experience the supportive environment, connections and relationships that you will build further on Mastermind. It means you will be in a great position to decide if you want to progress or not, before committing to invest further in yourself. For many people, it is more than enough and they don't feel they need to progress onto Mastermind.

It's worth mentioning that there is a full money back guarantee on all our three-day seminars to take away any risk of attending the training. If for any reason you're not happy, or even if you love the training but decide it's not right for you, then all you need to do is return the training materials to us by halfway through the course. We will happily issue you with a full refund. I believe this is fair and it makes sure that we always deliver what we promise!

YOUR NEXT STEPS

If you are interested in joining the Property Mastermind Programme, you can find out more information by registering your interest here:

www.Property-Mastermind.com

We limit the number of participants on each Property Mastermind Programme and they always sell out. The next available programmes start in April and October.

There are three-day Mastermind Accelerator workshops in May, August and September. If you would like to find out more about this, please call us during office hours on 0121 228 2223.

THE 19 UNBREAKABLE, PROVEN, MONEY-MAKING RULES OF TRADING AND INVESTING (AND EVERYTHING ELSE TOO)

By **Marcus de Maria**

In parts one and two of this article, I started listing my 19 Golden Rules for making money in the stock market.

Just to remind you what the rules were for 1-10:

Golden Rule 1: **Have Fun!**
Golden Rule 2: **Work on your psychology and beliefs around money**
Golden Rule 3: **Create your supportive environment**
Golden Rule 4: **Make your trading decisions when the market is closed**
Golden Rule 5: **Focus on your long-term vision and goals**
Golden Rule 6: **Know why you are doing this**
Golden Rule 7: **Find your motivation – away from or towards?**
Golden Rule 8: **Never give up**
Golden Rule 9: **Focus on one strategy until you master it**
Golden Rule 10: **Have written trading rules – and follow them!**

Let's start with the first rule of this article:

Golden Rule 11:
Let Your Profits Run and Cut Your Losses Short

In fact, this is the Golden Rule of trading. If you let your profits run and one of those stocks goes up by 40%, it lifts up your entire account. And if you cut your losses short, then you can afford to have many losses in a row without it affecting your entire account negatively.

Most people do the opposite. Why? We're programmed to get emotional once our profits start rising. We start panicking and think that if we're up by 10%, we must get out before we lose our profit.

If getting out after a 10% gain is one of the rules of your trading plan, then that was a good trade. But if getting out wasn't part of your trading plan, then it was a bad trade. Why? Because the trade could have continued for another 10%, 20% or more.

On the other hand, when people are in a losing trade, they tend to do the opposite and let their losses run. They watch their loss turn from a manageable -2% to -10%. Some people will even buy some more at this stage as a knee-jerk reaction, and others will simply bury their head in the sand and turn a short-term trading system into a long-term buy-and-hold system out of necessity, waiting and hoping that the stock will come back one day. We call this the buy, hold and pray strategy!

Golden Rule 12:
Always Use a Stop Loss

One way to guarantee you cut your losses is by having a stop loss in place. It's an electronic order that stops your losses by automatically getting you out of the trade at a predetermined price. We always use a stop loss when trading for the shorter term (days to weeks). If investing for any longer, it's not necessary.

You can also adjust a stop loss. For example, if you don't want a profitable trade turn into a losing trade, you can raise your stop loss once you are sufficiently in profit. Raising it to the entry point will ensure you can't lose money apart from brokerage fees.

It's important to note that not all brokers offer stop losses. Most do in the UK, but there are still some brokers that don't, which is incredible because you shouldn't trade without one.

Golden Rule 13:
Never Add to a Losing Position Unless It's Part of Your Strategy to Do So

Never ever add to a losing position, because it is going against you and it's an emotional decision to get in again. Suddenly changing your mind means that you're getting emotional and panicking. If it wasn't your strategy for the trade, then it's the wrong thing to do ... even if it is cheaper.

If it was part of your strategy to do so, it means that you worked out beforehand at what price you would get in again. It involves good money management as well. There are strategies out there where adding to a losing position is planned. But basically, and especially for beginners, never add to a losing position.

Golden Rule 14:

Before Entering a Trade, Check That the Pattern Strategy Works for That Stock

Yes, you have all these strategies, but they don't work for every single stock. A classic example is our Buffalo strategy where stocks go sideways – not all stocks go sideways, so we have to continuously be on the lookout for that pattern.

It's important to not apply a random strategy to a random stock. Check its history, and if it hasn't worked before, it's not likely to work again. Doing this will save a lot of money.

It can take some time and effort, but it is worth it. If a pattern for a stock suddenly stops working, then move on to another. Don't get attached.

Golden Rule 15:

Don't Enter a Trade Near Earnings Announcement

In the USA, companies announce their earnings/profit results four times a year. For a week to ten days before the announcement, there are a lot of rumours flying around.

Entering a trade near the announcement could make the stock pattern extremely erratic. If you're already in a stock, there's nothing you can do.

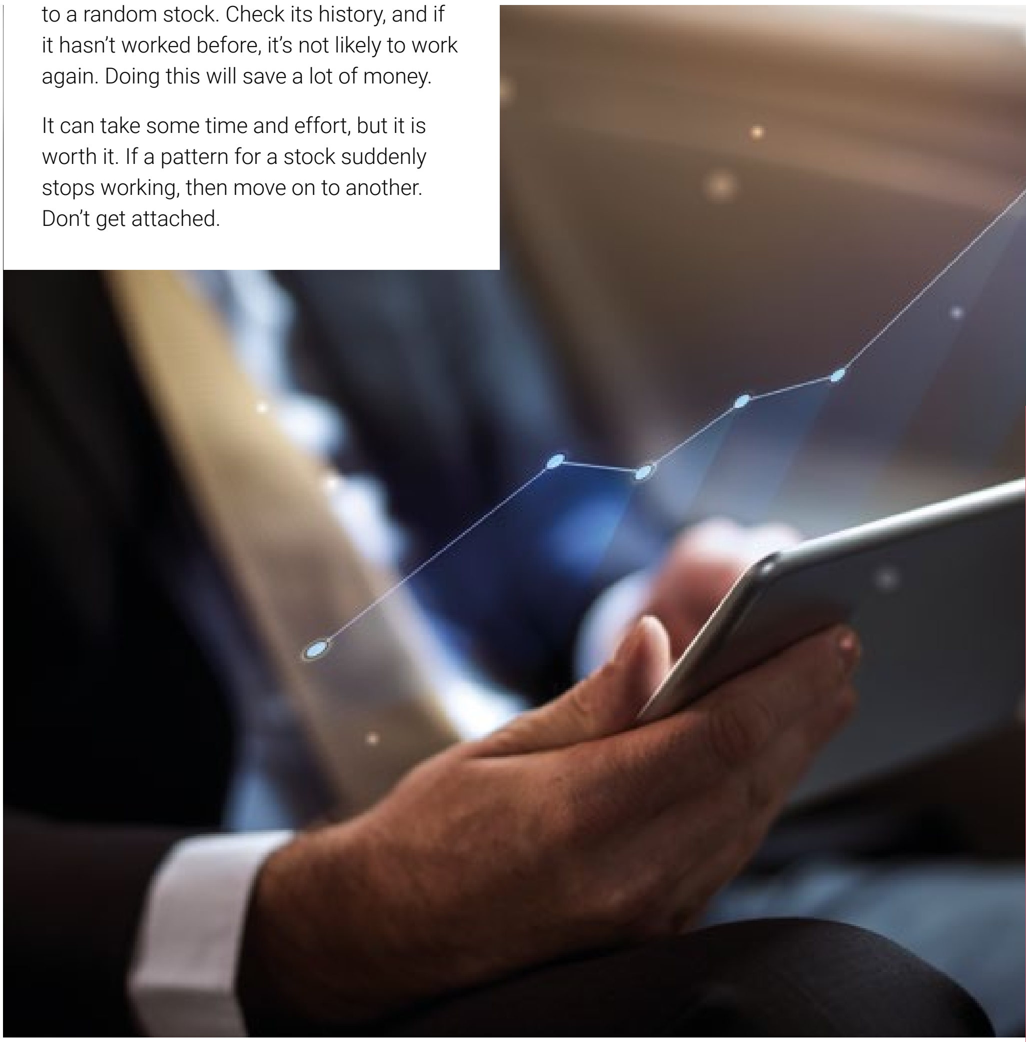
Golden Rule 16:

Let the Market and Sector Show You What to Do

It is vital that we do not favour any one market direction more than another, and we always teach people to be both going long (up) and going short (down).

The market dictates how that works. For example, if we are in a bull market, we need to be more long than short, but still have some short trades on chart patterns looking bearish. And vice versa, if the market is bearish, we need to be predominantly short but with a small number of long trades on chart patterns looking bullish. Not doing these things means you are too over-exposed to any one market movement.

Take a view on what the market and sector are doing. What is actually happening out there? Let the market and sector show you what to do and watch for them as they change.



Golden Rule 17:

Let the Price Tell You When to Act

There are hundreds of indicators out there. Half of them tell you to go long and the other half tell you to go short and they can complicate your life, if you are not careful. Very few indicators will actually tell you what's about to happen because they're lagging. So, the best indicator is the price itself.

Golden Rule 18:

Don't Always Invest

Sometimes it's better just to be in cash. Unless you're doing things like selling short – even though it is a way of making money when markets go down, some people just don't want to do this and that's fine.

If you're not comfortable selling short, you should stay in cash if you think the market's coming down. If in doubt, or you feel there's something not quite right about a stock pattern, move on to the next one.
You want to be 100% sure before going in.

Golden Rule 19

Keep a Trading Diary, So You Can Learn from Your Mistakes and Your Successes

You need to know why you got into a trade and why you come out of it. If you don't, I can guarantee that three months from now you won't have any memory of the trade, let alone why you made it.

I recommend using a spreadsheet and document:

- **What you bought**
- **What you sold**
- **Why you got in**
- **Why you got out.**

Your trading diary will become your reference bible, and you'll end up learning more from your mistakes than from your successes.

So there you have it – my 19 Golden Rules of trading. Please re-read them, learn them and apply them until you're experienced enough to come up with your own rules!

http://investment-mastery.com/ypn-ltt-book

Marcus

RETIRE NOW

BY GEORGE CHOY AND SARAH CHOY

YOUR BLUEPRINT TO FINANCIAL FREEDOM THROUGH PROPERTY

This well written and easy-to-read book describes the step-by-step processes that George and Sarah have implemented to become financially free.

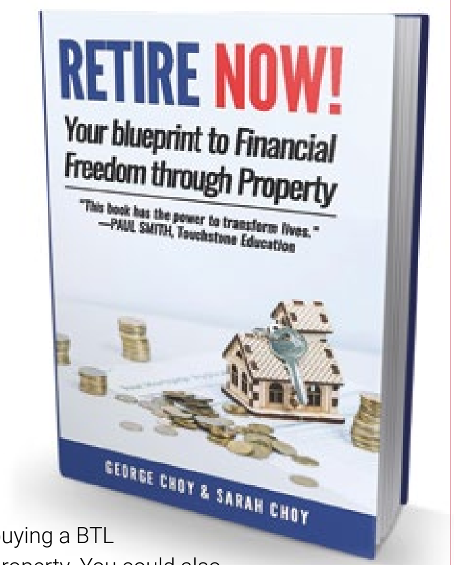
In the introductory chapter, the authors identify certain scenarios that could result in one's income vanishing and introduce the concept of financial freedom. They started by releasing equity from their own home to use as deposits for BTL properties and continued to buy further BTLs by saving up for the deposit and through private finance.

In **chapter two**, the authors introduce their "Retire Now" blueprint, a system to start working towards your financial freedom including knowing your retirement figure, expense optimisation, income-producing assets amongst others. RETIRE NOW is an acronym and each aspect is explained in detail in the remainder of the book.

Chapter three kicks things off with "Retirement Figure" and discusses the state of the pension sector and encourages the reader to work out their pension situation and whether investing their pension in property in a viable alternative. Next, the focus in on expense optimisation and a number of suggestions are made together with their implementation. A large section in this chapter discusses several practical steps one can take to reduce day-to-day personal expenses, such as reducing unnecessary memberships. A spreadsheet to tot up your expenses can be downloaded from their website. (*My favourite is free holiday accommodation as a house sitter!*)

In **chapter five** the discussion turns to defining one's values to ensure congruency with one's goals as this makes your success more likely – the authors highlight a number of exercises to help in identifying your own values. Also included is an exercise to design your own dream board and some declarations to help you change to a wealthy mindset.

Chapter six focuses on income-producing assets and not surprisingly, it's the longest section of the book. To illustrate the basics of financial freedom, the authors utilise £50,000 savings in different ways, from leaving it in the bank to leveraging a mortgage and



buying a BTL property. You could also rent rooms out in your own home, release equity, borrow money from friends and family – the point is that there are lots of ways to raise a deposit for investment properties. Another section looks at the increasing use of pension pots (SIPP and SSAS) as funds for property investment.

The next part of this chapter describes, in detail, all aspects of BTL and readers will find the BTL five step process particularly useful as it includes: location, research, power team, buy and outsource. This section, like many others, has very helpful exercises to re-enforce the learning. All the common terms eg yield, ROI are described together with examples. In similar fashion, the authors then describe serviced accommodation (SA) again highlighting a five-step process, before describing each of the steps in more detail, similar to the BTL section. The two strategies are different so a detailed look at viability is included in the SA section as it's a business that relies heavily on occupancy.

Another section discusses R2R, particularly the use of property as SA and a couple of case studies from other investors are included to further highlight this strategy. Again, the authors provide a useful four-step process for doing R2R. The final section discusses commercial properties – in the author's opinion this is one to strive for, having mastered simpler strategies like BTL. The benefits of commercial versus residential are discussed followed by investor case studies and once again the authors provide their five-step process to buying commercial property with the key advice being to buy a commercial business that is **"Amazon and Internet proof".** The chapter concludes with a discussion on yield calculation and on the terminology used in the commercial sector.

Chapter seven discusses retirement systemisation – the key is to outsource property operations so that you have the freedom to choose how you spend your time. Other ways to systemise and value your time include: limiting time on social media and email, using VAs to outsource repetitive tasks. In the latter chapters of the book the authors encourage readers to continue to keep themselves educated through reading, audio (in particular by using "dead time" to listen to audio), attending property courses, reading journals, listening to podcasts or watching informative content on YouTube.

Continuing the theme of learning, the authors advocate networking or being part of a property mastermind group or getting a property mentor or meeting property professionals. These are all part of the ongoing learning process. The next chapter looks at one's purpose – is it all about leisure or can it be a combination of leisure and giving back, perhaps to a charity or teaching others? Being health fanatics, George and Sarah next discuss wellbeing and provide seven tips for healthy living. The final chapter is more reflective and discusses what they would have done differently had they started earlier in property investing, eg set up a SSAS pension, undertaken expense optimisation much earlier and outsourced much, much earlier.

WHO IS THIS BOOK FOR?

This is a very useful read for those wanting a no-nonsense approach to achieving financial freedom (warts and all). It's well written and the authors have achieved a good balance of general information together with detailed information on specific strategies that have worked for them. The continued use of exercises and examples will help make this an engaging book for readers.

Further resources:

Website: www.castleproperty.co.uk

FaceBook group: My castle property community

Book reviewed by:

Raj Beri

www.rajberi.co.uk Email: **raj@rajberi.co.uk**

Book Details:

Available from **Amazon** Date published: **2019**

PROPERTY AUCTIONS APRIL 2020

LONDON

Network Auctions 2-Apr-20 14:00
The Westbury Hotel, 37 Conduit Street, London, W1S 2YF

Phillip Arnold Auctions 3-Apr-20 12:00 Doubletrees By Hilton, 2-8 Hanger Lane, Ealing, London, W5 3HN

Barnard Marcus 7-Apr-20 10:30
Grand Connaught Rooms, Great Queen Street, London, WC2B 5DA

Strettons 7-Apr-20 12:00 Grand Connaught Rooms, Great Queen Street, London, WC2B 5DA

BidX1 8-Apr-20 19:00 Online, Auction

Town & Country Property Auctions London 28-Apr-20 12:30
Marriott Hotel, 140 Park Lane, London, W1K 7AA

McHugh & Co 29-Apr-20 12:00
The Montcalm Hotel, 34-40 Great Cumberland Place, London, W1H 7TW

Harman Healy 30-Apr-20 12:00
Chelsea Old Town Hall, Kings Road, London, SW3 5EE

WEST MIDLANDS

Bagshaws Uttoxeter 1-Apr-20
Uttoxeter Racecourse, Wood Lane, Uttoxeter, ST14 8BD

Cottons 1-Apr-20 11:00
Aston Villa Football Club, Trinity Road, Birmingham, B6 6HE

Auction House Birmingham & Black Country 2-Apr-20 18:00 Walsall Football Club, Bescot Crescent, Walsall, WS1 4SA

K Stuart Swash 7-Apr-20 16:00
Ramada Park Hall Hotel, Park Drive, Goldthorn Park, Wolverhampton, WV4 5AJ

Butters John Bee 20-Apr-20
The Best Western, Moat House Hotel, Festival Way, Stoke-on-Trent, ST1 5BQ

Halls Shrewsbury - Head Office
24-Apr-20 Halls Holdings House, Bowmen Way, Battlefield, Shrewsbury, SY4 3DR

Auction House Staffordshire
28-Apr-20 19:00 Stoke City Football Club, The Britannia Stadium, Stanley Matthews Way, Stoke-on-Trent, ST4 4EG

John Earle & Son 28-Apr-20
Henley Golf & Country Club, Birmingham Road, Henley-in-Arden, B95 5QA

NORTH WEST HOME COUNTIES

Romans 1-Apr-20 13:30 Green Park Conference Centre, 100 Longwater Avenue, Reading, RG2 6GP

Town & Country Property Auctions Beds, Bucks, Herts & Northants
22-Apr-20 12:00 Hampton by Hilton, 42-50 Kimpton Road, Luton, LU2 0FP

NORTH WEST

Andrew Kelly Auctions 1-Apr-20
Rochdale Football Club, Sandy Lane, Rochdale, OL11 5DR

Sutton Kersh Auctions 2-Apr-20 12:00 The Hilton Hotel, Thomas Steers Way, Liverpool, L1 8LW

Venmore Auctions 7-Apr-20 13:00
Liverpool Town Hall, High Street, Liverpool, L2 3SW

Auction House Cumbria 16-Apr-20
Coronation Hall, County Square, Ulverston, LA12 7LZ

Auction House North West 16-Apr-20 14:00 Bolton Wanderers Football Club, Macron Stadium, Burnden Way, Bolton, BL6 6JW

Pugh & Company 21-Apr-20 12:00
AJ Bell Stadium, 1 Stadium Way, Manchester, M30 7EY

North West Property Auction - IAM Sold 22-Apr-20 Village Urban Resort, Rochdale Road, Bury, BL9 7BQ

Town & Country Property Auctions Wrexham 30-Apr-20 18:30
Grosvenor Pulford Hotel & Spa, Wrexham Road, Pulford, CH4 9DG

EAST MIDLANDS

Bagshaws Residential 1-Apr-20 11:30 Derbyshire County Cricket Club, Nottingham Road, Derby, DE21 6DA

Wallace Jones 2-Apr-20 Holiday Inn, Bostocks Lane, Sandiacre, NG10 5N

Auction House Lincolnshire, North Notts & South Yorks 7-Apr-20
Gainsborough Golf Club, The Belt Road, Gainsborough, DN21 1PZ

Town & Country Property Auctions East Midlands 8-Apr-20 19:00
Colwick Hall Hotel, Racecourse Road, Nottingham, NG2 4BH

Fidler Taylor 11-Apr-20 19:00
Ashbourne Golf Club, Wyaston Road, Ashbourne, DE6 1NB

Auction Estates 23-Apr-20 14:30
Nottingham Racecourse, Colwick Road, Nottingham, NG2 4BE

SDL Auctions Graham Penny (Nottingham) 24-Apr-20 11:30
Nottingham Racecourse, Colwick Road, Nottingham, NG2 4BE

Auction House Leicestershire
30-Apr-20 18:00 Readings Property Group, 48 Granby Street, Leicester, LE1 1DH

NORTH EAST

Auction House North East 21-Apr-20
Ramside Hall Hotel, Carrville, Durham, DH1 1TD

Pattinson Property Auctions
29-Apr-20 Newcastle Falcons Rugby Football Club, Brunton Road, Newcastle upon Tyne, NE13 8AF

Agents Property Auction 30-Apr-20
Newcastle Marriott Hotel, High Gosforth Park, Newcastle upon Tyne, NE3 5HN

SOUTH-EAST HOME COUNTIES

Pearsons Auctions 1-Apr-20 11:00
The Ageas Suite, Ageas Bowl, Botley Road, Southampton, SO30 3XH

Connect UK Auctions 16-Apr-20 13:00
Holiday-Inn London-Gatwick Airport, Povey Cross Road, Horley, RH6 0BA

Auction House Essex 21-Apr-20 19:00
The Ballroom, Park Inn Palace Hotel, Church Road, Southend-on-Sea, SS1 2AL

Auction House Sussex 22-Apr-20 14:30
The Hove Club, 28 Fourth Avenue, Hove, BN3 2PJ

Auction House Kent 23-Apr-20 19:00
Mercure Maidstone Great Danes Hotel, Ashford Road, Maidstone, ME17 1RE

Nesbits 23-Apr-20 Royal Marines Museum, Eastney Esplanade, Southsea, PO4 9PX

EAST ANGLIA

William H. Brown (Norwich)
3-Apr-20 11:30 Barnham Broom Hotel & Country Club, Honingham Road, Norwich, NR9 4DD

Auction House East Anglia
15-Apr-20 11:00 Dunston Hall Hotel, Ipswich Road, Dunston, Norwich, NR14 8PQ

Auction House East Anglia
16-Apr-20 14:00 The Willow Suite Muthu Belstead Brook Hotel, Belstead Road, Ipswich, IP2 9HB

Auction House East Anglia
17-Apr-20 12:00 Peterborough United Football Club, London Road, Peterborough, PE2 8AL

NORTHERN IRELAND

Wilsons (Northern Ireland)
15-Apr-20 Mallusk Auction Complex, 22, Mallusk Road, Newtownabbey, BT36 4PP

Wilsons (Northern Ireland)
29-Apr-20 Mallusk Auction Complex, 22, Mallusk Road, Newtownabbey, BT36 4PP

YORKSHIRE AND THE HUMBER

Mark Jenkinson & Son 7-Apr-20 14:00
Platinum Suite, Bramall Lane, Sheffield, S2 4QZ

Regional Property Auctioneers
22-Apr-20 Doncaster Rovers F.C, Keepmoat Stadium, Doncaster, DN4 5JW

Pugh & Company 23-Apr-20 12:00
Leeds United Football Club, Elland Road, Leeds, LS11 0ES

Yorkshire Property Auction - IAM Sold
23-Apr-20 Cedar Court Hotel, Denby Dale Road, Calder Grove, Wakefield, WF4 3QZ

William H Brown (Leeds) 28-Apr-20 12:30 Leeds United Football Club, Elland Road, Leeds, LS11 0ES

SOUTH WEST

Kivells Auctions 1-Apr-20 19:00
Eagle House Hotel, 3 Castle Street, Launceston, PL15 8BA

Auction House Bristol & West
2-Apr-20 19:00 Ashton Gate Stadium, Winterstoke Road, Ashton Gate, BS3 2LQ

Countrywide Exeter 2-Apr-20 13:00
Sandy Park Stadium, Sandy Park Way, Exeter, EX2 7NN

Strakers 2-Apr-20 19:00 The Steam Museum, Fire Fly Avenue, Swindon, SN2 2NA

Wood's Auctioneers 2-Apr-20 Newton Abbot Racecourse, Newton Road, Kingsteignton, TQ12 3AF

Town & Country Property Auctions Dorset & Hampshire 16-Apr-20 18:30 The Village Hotel, Deansleigh Road, Bournemouth, BH7 7DZ

Cooper & Tanner Auctions 23-Apr-20
The Standerwick Centre, Frome Market, Standerwick, Frome, BA11 2QB

Maggs & Allen 23-Apr-20 19:00
The Bristol Pavilion, Nevil Road, Bristol, BS7 9EJ

Symonds & Sampson LLP
24-Apr-20 14:00 Digby Hall, Hound Street, Sherborne, DT9 3AA

Hollis Morgan 29-Apr-20 19:00 All Saints Church, Pembroke Road, Clifton, Bristol, BS8 2HY

WALES

Auction House South Wales 1-Apr-20 17:00 Village Hotel, 29 Pendwyallt Road, Cardiff, CF14 7EF

All Wales Auction - South Wales Auction 22-Apr-20 The Village Hotel & Leisure Club, 29, Pendwyallt Road, Cardiff, CF14 7EF

All Wales Auction - North Wales Auction 23-Apr-20 M-S Parc, Parc Gwyddoniaeth Menai, Gaerwen, LL60 6AG

Morgan Evans 23-Apr-20 15:00
Oriel Ynys Mon, Rhosmeirch, Llangefni, LL77 7TQ

Paul Fosh Auctions 30-Apr-20 17:00
The Cardiff North Hotel, Circle Way East, Llanedeyrn, Cardiff, CF23 9XF

SCOTLAND

Auction House Scotland 2-Apr-20 14:00 Radisson Red Glasgow, Finnieston Quay, 25 Tunnel Street, Glasgow, G3 8HL

Wilsons (Scotland) 7-Apr-20
Dalry Auction Complex, 6, Kilwinning Road, Dalry, KA24 4LG

Wilsons (Scotland) 21-Apr-20
Dalry Auction Complex, 6, Kilwinning Road, Dalry, KA24 4LG

Town & Country Property Auctions Scotland 29-Apr-20 14:00 House for an Art Lover, 10 Dumbreck Road, Glasgow, G41 5BW

THE YPN JARGON BUSTER

A list of the abbreviations and tech-talk used in this month's YPN – and more …

ACV	Asset of community value
ADR	Alternative Dispute Resolution
AI	Artificial intelligence
APHC	Association of Plumbing and Heating Contractors
ARLA	Association of Residential Letting Agents
Article 4	An Article 4 Direction removes permitted development rights within a specified area designated by the local authority. In many cities with areas at risk of 'studentification', there are restrictions on creating HMOs so you will have to apply for planing permission. Check with your local planning authority.
AST	Assured Shorthold Tenancy
AT	Assured tenancy
BCIS	Building Cost Information Service – a part of RICS, providing cost and price information for the UK construction industry.
BCO	British Council for Offices
BIM	Building information modelling
BMV	Below market value
BPEC	British Plumbing Employers Council – qualifications, assessments and learning materials for Building Services Engineering sector
BRR	Buy, refurbish, rent out
BTL	Buy-to-let
BTR	Build-to-rent
BTS	Buy-to-sell
C2R	Commercial to residential conversion
CCA	Consumer Credit Act
CDM	Construction Design and Management
CIL	Community Infrastructure Levy - The Community Infrastructure Levy is a planning charge, introduced by the Planning Act 2008 as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. It came into force on 6 April 2010 through the Community Infrastructure Levy Regulations 2010. (Source: planningportal.co.uk)
CIS	Construction Industry Scheme – Under this, contractors deduct money from a subcontractor's payments and pass it to HMRC. These deductions count as advance payments towards the subcontractor's tax and NI. Contractors must register for the scheme. Subcontractors don't have to register, but deductions are taken from their payments at a higher rate if they're not registered.
CGT	Capital gains tax
CML	Council for Mortgage Lenders
CPD	Continuing Professional Development
CPT	Contractual periodic tenancy
CRM	Customer relationship management (eg, CRM systems)
CTA	Call to Action
Demise	A demise is a term in property law that refers to the conveyance of property, usually for a definitive term, such as premises that have been transferred by lease.
DHCLG	Department of Housing, Communities and Local Government (formerly DCLG – Department for Communities and Local Government)
DoT	Deed or Declaration of Trust
DPS	Deposit Protection Service
EHO	Environmental Health Officer
EIS	Enterprise Investment Scheme
EPC	Energy performance certificate
FCA	Financial Conduct Authority
FHL	Furnished holiday let
FLEEA cover	Insurance cover for Fire, Lightening, Explosion, Earthquake and Aircraft impact, but no other perils. Some times issued for a property that has been empty for some time
FPC	Financial Policy Committee
FRA	Fire risk assessment
FSCS	Financial Services Compensation Scheme
FTB	First time buyer
GCH	Gas central heating
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GDV	Gross Development Value
GOI	Gross operating income
HB	Housing benefit
HHSRS	Housing Health and Safety Rating System
HMO	House of Multiple Occupation
HNWI	High Net Worth Individual a certified high net worth investor is an individual who has signed a statement confirming that he/she has a minimum income of £100,000, or net assets of £250,000 excluding primary residence (or money raised through loan a secured on that property) and certain other benefits. Signing the statement enables receipt of promotional communications exempt from the restriction on promotion on non-mainstream pooled investments. (Source: FCA)
HP	Hire Purchase
HSE	Health and Safety Executive
ICR	Interest Cover Ratio
IFA	Independent financial advisor
IHT	Inheritance tax
IRR	Internal Rate of Return
JCT (contract)	Joint Contracts Tribunal – produce standard forms of construction contract, guidance notes and other standard forms of documentation for use by the construction industry (Source: JCT)
JV	Joint venture
JVA	Joint venture agreement
KPIs	Key Performance Indicators
L8 ACOP	Approved Code of Practice L8 – Legionella Control and Guidance
LACORS	Local Authorities Coordinators of Regulatory Services
LHA	Local Housing Authority
Libor	London Inter-Bank Offered Rate
LLP	Limited Liability Partnership
LTV	Loan To Value
MCD	Mortgage Credit Directive (European framework of rules of conduct for mortgage firms)
MHCLG	Ministry of Housing, Communities & Local Government
MVP	Minimum viable product

NALS National Approved Letting Scheme

NICEIC National Inspection Council for Electrical Installation Contracting

NLA National Landlords Association

OIEO Offers in excess of

OMV Open market value

ONS Office for National Statistics

OTA Online travel agent

PBSA Purpose-built student accommodation

PCA Property Care Association, a trade organisation for specialists who resolve problems affecting buildings

PCOL Possession claim online

PD Permitted Development / Permitted Development rights – you can perform certain types of work on a building without needing to apply for planning permission. Certain areas (such as Conservation Areas, National Parks, etc) have greater restrictions. Check with your local planning authority.

PI insurance Professional Indemnity insurance

PLO Purchase lease option

PM Project manager

PRA Prudential Regulation Authority – created as a part of the Bank of England by the Financial Services Act (2012), responsible for the prudential regulation and supervision of around 1,500 banks, building societies, credit unions, insurers and major investment firms. (Source: Bank of England)

PRC Pre-cast reinforced concrete. Often used for residential construction in the post-WW2 period, but considered as non-standard construction and difficult to mortgage. Most lenders will not lend unless a structural repair has been carried out in accordance with approved PRC licence, supervised by an approved PRC inspector. Legal evidence of the repair is issued in the form of a PRC Certificate of Structural Completion. (Source: prchomes.co.uk)

PRS Private Rented Sector

R2R Rent-to-rent

REIT Real Estate Investment Trust

RGI Rent guarantee insurance

RICS Royal Institute of Chartered Surveyors

RLA Residential Landlords Association

RoCE Return on Capital Employed

ROI Return on Investment

RP Registered Proprietor, refer ring to the name on the title of a property Land Registry

RSJ Rolled-steel joist – steel beam

RTO Rent to Own

RX1 Form used to register an application to the Land Registry to place a restriction on the legal title of a property to protect the interests of a third party. The restriction will prevent certain types of transaction being registered against the property (eg, sale, transfer of ownership or mortgage)

S8 or Section 8 Named after Section 8 of The Housing Act 1988. A Section 21 Notice (or Notice to Quit) is served when a tenant has breached the terms of their tenancy agreement, giving the landlord grounds to regain possession. Strict rules apply. See https://www.gov.uk/evicting-tenants/section-21-and-section-8-notices for up-to-date information.

S21 or Section 21 Named after Section 21 of The Housing Act 1988. You can use a Section 21 Notice (or Notice of Possession) to evict tenants who have an assured shorthold tenancy. Strict rules apply. See https://www.gov.uk/evicting-tenants/section-21-and-section-8-notices for up-to-date information.

S24 or Section 24 Section 24 of the Finance Act (No. 2) Act 2015 – restriction of relief for finance costs on residential properties to the basic rate of Income Tax, being introduced gradually from 6 April 2017. Also referred to as the 'Tenant Tax'.

S106 Section 106 Section 106 agreements, based on that section of The 1990 Town & Country Planning Act, and also referred to as planning obligations, are private agreements made between local authorities and developers. They can be attached to a planning permission to make acceptable development that would otherwise be unacceptable in planning terms. Planning obligations must be directly relevant to the proposed development and are used for three purposes:

Prescribe the nature of development

Compensate for loss or damage created by a development

Mitigate the impact of a development

(Source: planningportal.co.uk)

SA Serviced Accommodation

SAP (assessment) Standard assessment procedure

SARB Sale and Rent Back

SDLT Stamp Duty Land Tax

SI Sophisticated Investor (Source: FCA)

Certified: individual who has a written certificate from a "firm" (as defined by the FCA) confirming he/she is sufficiently knowledgeable to understand the risks associated with engaging in investment activity.

Self-certified: individual who has signed a statement confirming that he/she can receive promotional communications from an FCA-authorised person, relating to non-mainstream pooled investments, and understand the risks of such investments. One of the following must also apply:

(a) **Member of a syndicate of business angels for at least six months;**

(b) **More than one investment in an unlisted company within the previous two years;**

(c) **Working in professional capacity in private equity sector or provision of finance for SMEs;**

(d) **Director of a company with annual turnover of at least £1m within the previous two years.**

SIP(s) Structural integrated panels

SME Small and Medium-sized Enterprises

SPT Statutory periodic tenancy

SPV Special Purpose Vehicle – a structure, usually a limited company, used when more than one person invests in a property. The legal status of the SPV protects the interests of each investor.

SSTC Sold Subject To Contract

TPO The Property Ombudsman

UC Universal credit

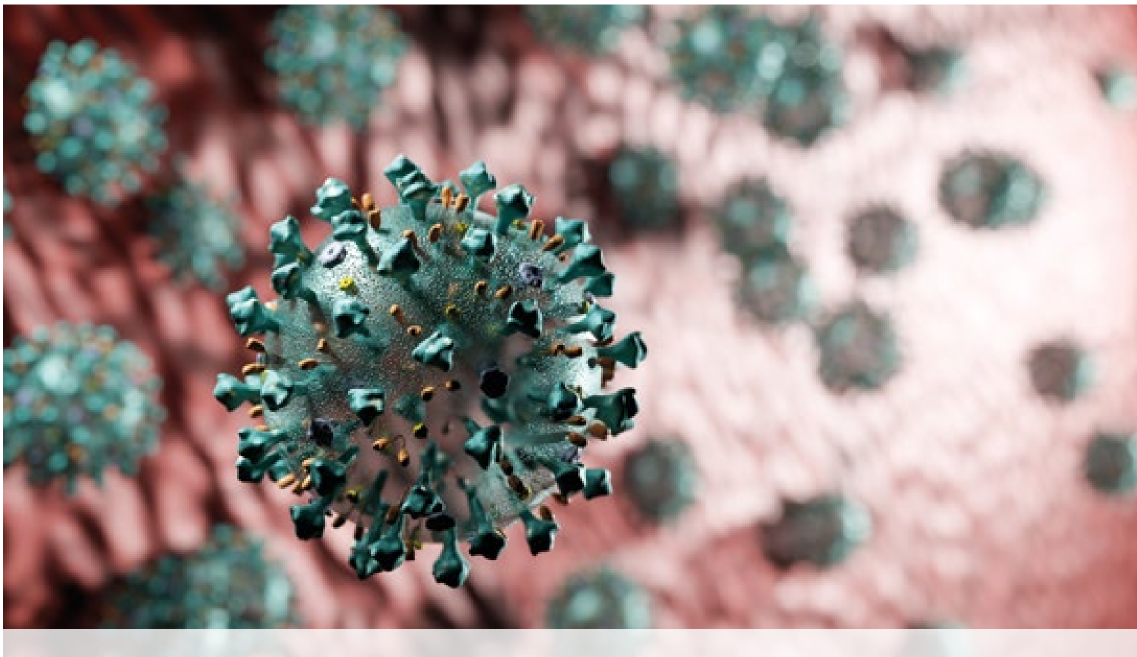
UKALA The UK Association of Letting Agents

USP Unique selling point

VOA Valuation Office Agency

RESPONDING TO THE PANDEMIC

By **Anghárad Owen**



I promise, this is not going to be yet another Coronavirus rant. I'm not going to tell you not to panic, I'm not going to tell you my opinions on the global situation and I'm not going to tell you anything that we don't already know.

However, we have totally come into a new way of living. Most of us, I'm sure, have come into close encounters with Toilet Roll Gate and might well have (whether we want to admit to it or not) judged others for the amount of paper goods and store-cupboard foodstuffs in their trolley.

Instead of ranting, I'd like to focus on proactive and positive things we can do for our families, loved ones and our community. We all need as much positivity as possible at the moment.

1 CHECK ON YOUR ELDERS

Most of us have an elderly neighbour or relative. Why not knock on the door and ask if they need anything? They may be worried, feeling isolated and possibly even frightened at the thought of going out in case of catching something. If you would rather keep your distance, post a letter through the door asking if they need anything and give them a contact number in case they do.

2 ARE ANY OF YOUR TENANTS OF DIFFERENT NATIONALITIES?

Check in with them, too. If they are unable to get home, they may also be feeling isolated and lonely. There have been cases of severe racism for certain nationalities. Send them a text saying that you are there if they need to talk. If they are self-isolating, ask if there is anything you get for them. In these unprecedented times, it's even more important than usual to not see tenants as just a number, but as human beings with basic needs. If you or a member of your own family were in a foreign country away from your family and friends, what would you appreciate?

3 SUPPORT YOUR LOCAL BUSINESSES.

This is a big one! Many people are choosing to stay home and are cancelling non-urgent errands. Even if you don't need the services from your local hairdresser, coffee shop, post office, corner shop, restaurant, etc right now, there are still plenty of ways to support them. Buying a gift card for future use will go a long way, and it will remind the business owners that, even in these uncertain times, they still have loyal customers. Even if it's only for £5 or £10, that's more than they would otherwise receive if no one stepped in through the door.

4 REGULAR FACETIME CALLS

Of course, other video chat facilities are available. With many countries going into lockdown or quarantine, and with people already self-isolating, rates of loneliness are bound to increase. Take ten minutes out of your day to call someone who is at-risk. It might not be much to you, but I'm sure they'll appreciate having a friendly face (and another human!) to talk to.

5 SHARE

Last, but certainly not least, sharing is most definitely caring. If you're making a huge meal, why not add a bit extra and deliver it to someone in need nearby? It could be an elderly neighbour or relative, a struggling single parent or a young couple who are both doctors and haven't got time to think, let alone cook. They'll appreciate the gesture and I'm sure will be grateful that you're thinking of them. Sharing can extend past food and necessities – consider sharing time too. If you're able to, can you offer childcare support to families who work in healthcare? Can you help with the school run for a parent in self-isolation or who needs to work from home? Can you help by shopping for those who are unable to?

These are just small things that will go a long way for others. In these unparalleled times, it is **NOT** each man or woman for themselves. We need to band together as a community to see it through and to come out the other side even stronger. Take this time to focus on what's important, and who knows? You might make a few new friends, too.